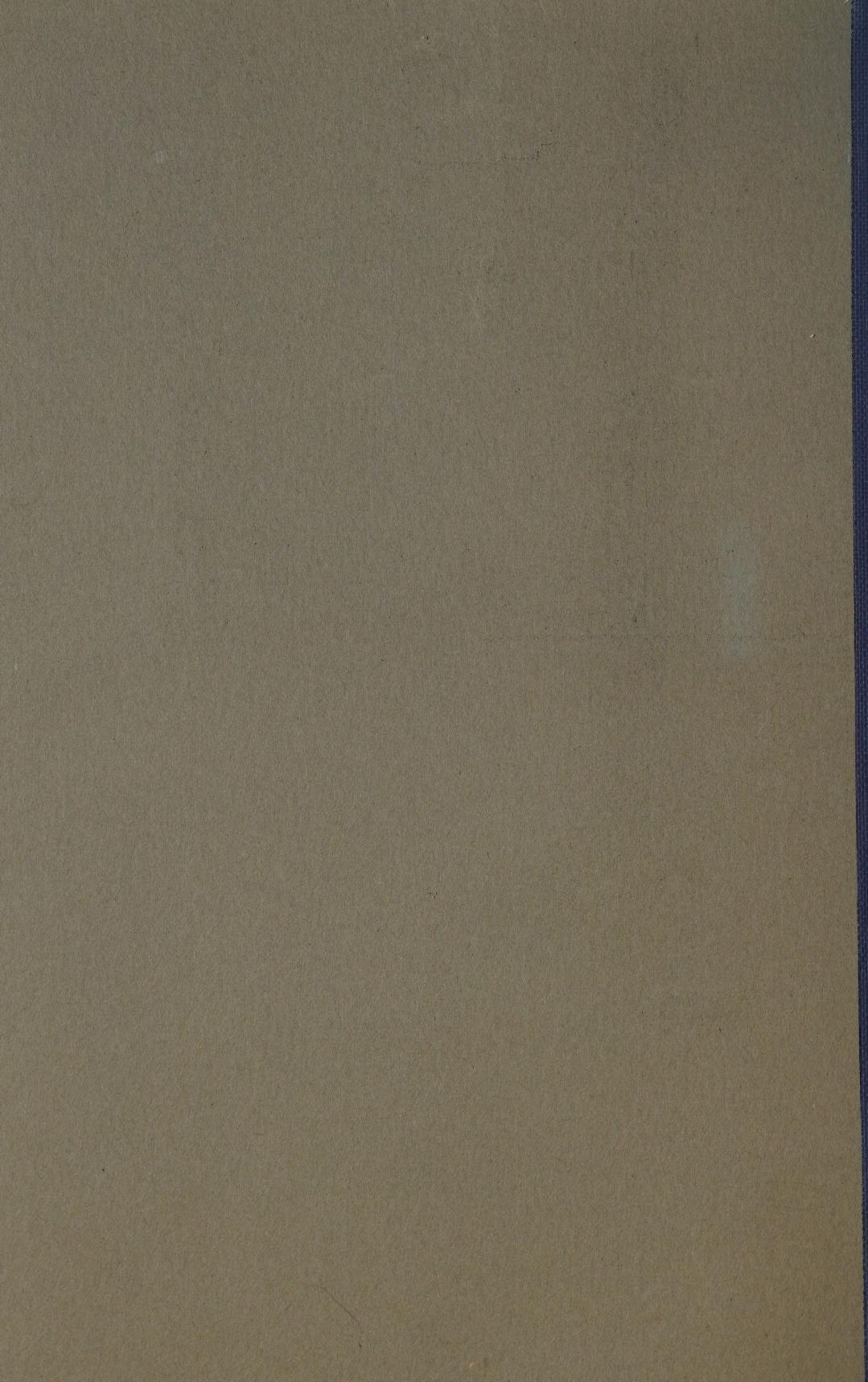


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SUPPLEMENT TO WEEKLY BULLETIN
OF THE
DEPARTMENT OF TRADE AND COMMERCE.)

REPORT

OF THE

CANADIAN ECONOMIC COMMISSION
(SIBERIA)

Published by Authority of the Right Hon. Sir Geo. E. Foster, P.C., G.C.M.G.
Minister of Trade and Commerce.



OTTAWA
J. DE LABROQUERIE TACHÉ
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
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REPORT OF THE COMMISSION.

The Right Hon. Sir GEORGE E. FOSTER, P.C., G.C.M.G.,
Minister of Trade and Commerce,
Ottawa.

Montreal, June 27, 1919.

SIR,—The Canadian Economic Commission to Siberia, appointed under the provisions of the Order in Council dated October 21, 1918, have the honour to submit the following report of the work accomplished by the Commission up to this date.

The Order in Council outlining the duties and the personnel of the Commission was as follows:—

“ The Committee of the Privy Council have had under consideration a report, dated 21st October, 1918, from the Minister of Trade and Commerce, submitting as follows:—

A military expedition made up of contingents from several of the Allied Powers has been sent to Siberia for the purpose of aiding those sections of the Russian people who are opposed to German influences and are working for stable government in opposition thereto.

A Canadian force is now being mobilized and despatched to Vladivostok for co-operation therewith. Besides assisting in the protection and pacification of the country the purpose of the Allies is to assist the people of Siberia to re-establish their productive industries and reorganize their financial and commercial activities, both of which have been thrown into confusion by a long period of war and internal disorder. In order to bring about a betterment of economic conditions it is proposed by the Allied Governments to assist the Siberian people in obtaining a supply of the commodities essentially necessary to equip and carry on their agricultural and other industries the lack of which is due to the diversion of industrial labour from the manufacture of peace products to that of war supplies, to the virtual cessation of imports from abroad during the last four years and to the almost exclusive employment of internal transport in moving war supplies.

The various Governments concerned are establishing commissions for ascertaining the nature and character of the commodities needed and devising in conjunction with responsible bodies in Siberia plans by which these commodities may be reasonably secured and properly distributed, and the means to be adopted for payment therefor.

The British Government has appointed a commercial commission to work in connection with the British High Commissioner in Vladivostok, and has intimated its willingness to attach a representative of Canada to his staff.

The Minister observes that Canada has been represented in Russia by a trade commissioner at Petrograd since April, 1916, until February

last, when owing to the insecurity of the political situation he returned to Canada. There was also a Canadian trade commissioner at Omsk from July, 1916, until February, 1918, when he was instructed to proceed to Vladivostok, where he is now stationed.

These two commissioners have made a thorough study of Russian conditions and have acquainted themselves with the needs of the country and the lines along which these can be supplied by Canadian products. The trade commissioner at Vladivostok is conversant with the Russian language and at the present time is working in constant touch with the British commissioner and his assistants.

The Minister is of the opinion that similarity of natural conditions between Siberia and Western Canada, as well as the problems connected with agriculture and transportation, mining and fisheries, are factors which enable Canada to co-operate under present conditions in the supply of the commodities urgently required and also from experience and adaptability to afford practical assistance by advice and instruction along the lines particularly vital to Siberian reconstruction, whilst her interest in a trade and economic point of view both present and future is undoubted.

The Minister therefore recommends that a commission be appointed to proceed to Vladivostok, under the instructions of the Minister of Trade and Commerce, to represent Canadian commercial interests and co-operate with the British and Allied Governments in relation to the matters above set forth.

In particular it should be the duty of the commission to make a careful study of local conditions both economic and social; to inquire into the facilities for transportation, both by land and water, and the equipment needs of the same; to ascertain the wants of the farming community in respect to agricultural machinery, tools and equipment of all kinds; to note the possible improvement in methods of handling grain and in mining, forestry and fishing operations and equipment therefor, and to examine into the barter basis of trade in connection with co-operative associations, municipal bodies and trading corporations. They shall also inquire into the current financial conditions and the arrangements of credits in connection therewith which are necessary to a successful exchange of commodities and generally to investigate the opportunities, present and prospective, for increasing commercial interchanges between Russia and Canada and the particular lines along which Canadian experience and industry might best contribute to the rehabilitation of Russian business activities and the development of her vast natural resources. The commission should from time to time report the information thus gathered and its recommendations as to the nature of the commodities to be supplied and the organization for transport and sale thereof.

The Minister further recommends that the commission consist of the following persons:—

C. F. JUST, Chief Canadian Trade Commissioner in Russia.

L. D. WILGRESS, Canadian Trade Commissioner at Vladivostok.

Col. J. S. DENNIS, Liaison Officer of the Canadian Siberian Expedition.

Mr. Ross OWEN, Transportation Officer in Russia of the Canadian Pacific Railway Company.

The two first named are officers of the Department of Trade and Commerce. Colonel Dennis and Mr. Owen place their services at the disposition of the Government for the work of the commission free of charge.

The Minister also recommends that later the commission should be increased by the addition of four members representing respectively the agricultural, the mining, the banking and manufacturing interests of Canada, who should proceed to Vladivostok early in the year 1919; that of the others, Mr. Just and Colonel Dennis should proceed at once.

Mr. Wilgress and Mr. Owen are already in Vladivostok.

The committee concur in the foregoing recommendations and submit the same for approval."

The Commission as finally constituted was as follows:—

C. F. JUST, Canadian Trade Commissioner in Russia.

L. D. WILGRESS, Canadian Trade Commissioner at Vladivostok.

A. D. BRAITHWAITE, late Assistant General Manager, Bank of Montreal.

Col. J. S. DENNIS, Director of Transportation Staff, Canadian Siberian Military Expedition.

A. Ross OWEN, General Agent, Canadian Pacific Railway in Russia.

LOUIS KON, a Canadian Russian who was appointed Secretary of the Commission.

The remaining technical members of the commission provided for in the Order in Council who were to deal as experts in the subjects of Agriculture, Mineral Development, and Manufacturing Interests were not appointed, as the Government subsequently decided not to send these members of the commission forward to Russia.

The preliminary work of the organization of the Commission was undertaken by Mr. C. F. Just as Acting Chairman, with Mr. Louis Kon as secretary. These two gentlemen proceeded to Vladivostok from Vancouver in December of last year, and were joined at Vladivostok by Mr. L. D. Wilgress and Mr. A. Ross Owen. Steps were immediately taken to provide proper office accommodation and clerical staff, and on the arrival of Col. J. S. Dennis, who was elected as chairman, the work of the commission was actively undertaken and very frequent meetings held at which all the questions delegated to the commission were aggressively undertaken.

It was soon realized that the magnitude and importance of the questions under consideration necessitated more detailed work than was possible at the general meetings of the commission, and it was therefore decided to organize certain sub-committees to whom could be delegated special questions for report. In pursuance of this proposal, the following sub-committees were organized early in February last:—

Transportation - - - - - Col. J. S. DENNIS.

Mr. A. Ross OWEN.

Markets and Supplies - - - - - Mr. C. F. JUST.

Mr. L. D. WILGRESS.

Financial Conditions and Credit, Mr. A. D. BRAITHWAITE.

Mr. C. F. JUST.

The reports of these sub-committees are appended hereto, but there are certain facts dealt with in detail in the reports that are deserving of special mention here.

TRANSPORTATION.

It will be readily understood that the chances of extending Canadian trade in Siberia are dependent upon the transportation conditions for the movement of goods to Siberia, and their distribution throughout the country, and it will be noted from the report on transportation appended hereto (Appendix A¹) that the existing conditions both as to steamship lines and the railway transportation system preclude the possibility of shipping or distributing goods with any degree of promptness. The congested conditions existing at the Port of Vladivostok are also outlined in the report referred to, and the investigations of the commission developed the fact that the customs warehouses and enclosures there were blocked with an accumulation of old consignments estimated at about one million tons comprising military stores and with goods originally intended for markets in European Russia. In the majority of cases as far as concerns private cargoes, shipping documents are held by the Russian banks and forwarding companies, who have, however, no instructions or authority as to clearance, and this congestion is likely to continue for an indefinite period unless action is taken by the Allied Governments. It is impossible to find adequate storage space for fresh imports, and shipping companies are obliged to protect themselves by including a clause in their bills of lading to the effect that they are unable to accept responsibility in the matter of lighterage or storage. Of late shippers in some instances have even been required to make a deposit at point of shipment to cover lighterage and other charges at Vladivostok, also to present a certificate from the Vladivostok customs stating that accommodation for their goods had been arranged for.

The resumption of business on a large scale will certainly not be contemplated by Siberian merchants until this congestion is cleared up. It is thought that many of the consignees of the goods at present lying at Vladivostok cannot now be located. Quantities of these goods are rapidly depreciating in value, and will probably ultimately become valueless unless they are taken possession of by the Inter-Allied Commission at Vladivostok and offered for sale by auction, re-exported or otherwise disposed of.

Attention is especially directed to the fact that at the present time there are no direct permanent steamship lines of communication between our Pacific ports and Vladivostok, and consequently goods must move via Japan. The existing local shipping facilities between Japan and Vladivostok are controlled by Japanese and Russian interests, and are conspicuously inadequate, resulting in serious delay in the transhipment of goods. Any effort on the part of the Canadian Government having for its object the extension of Canadian trade with Siberia must include the establishment of steamship connections between Canada and Siberia, and in this regard attention is directed to the possibilities of a Canadian Kobe-Vladivostok link.

The report on transportation, as appended, will be found to contain certain details of the agreement entered into between the Allied interests for the operation of the Trans-Siberian Railway system, together with some notes as to our fear that this agreement will not bring about the results hoped for. Since that report was written some improvement has been made in the operation of the railway system by clearing the stations and cars of refugees, and a more prompt movement of trains is noticeable, but so long as such a large portion of the traffic consists of military, Red Cross, and other supplies for the fighting front, there is little chance of a movement of any large quantity of ordinary goods to points in the interior.

¹ Page 19.

MARKETS AND SUPPLIES.

The question of a market for Canadian goods in Siberia, and the supplying of these goods for which there is a demand, will be found very fully dealt with in the appended report (Appendix B¹) of the sub-committee on markets and supplies, but special attention is directed here to the following points.

Siberia offers a very important market for a wide range of products of the manufacturing industries of Canada, but more particularly in those articles and specialties which are used in connection with agricultural operations, in dairying, the lumber and woodworking industries, in mining and in the development of the fisheries.

The natural resources of Canada and of Siberia are practically identical. The climatic conditions of the two countries are similar. The methods and processes which Canadian experience has evolved for the rapid development of her natural resources are capable of application with equal success to Siberian conditions, and with little modification if any. Siberia therefore is the natural market for Canadian manufactures and Canadian enterprise, and can be taken hold of with confidence.

Moreover, during the long and exhausting war period, Siberia has been stripped bare of the ordinary necessities of civilized life in manufactured goods. These requirements it has been impossible to replace to any appreciable extent in consequence of the disorganized transportation and general insecurity, so that for a considerable time to come there will be good opportunities in Siberia for disposing of a great variety of goods, many of which Canada has not looked to export in the past. Detailed information on the nature of the requirements of the Siberian markets, has been assembled by the commission, and is presented in Appendix B of this report. The leading classes of goods in demand comprise agricultural implements and machinery, hardware, tools and machines other than agricultural, household utensils and supplies, articles of clothing, various food products embracing canned goods, miscellaneous articles including paper and stationery, office sundries, chemicals, drugs, railway supplies and equipment of all kinds.

ENORMOUS MARKET FOR CANADA.

The commission has prepared estimates of the minimum quantities of the chief articles required by the peasant population of Siberia for getting through next season. These particulars were obtained with the assistance of the leading distributing organizations in Siberia, including the co-operative unions, Zemstvos and the larger private trading companies.

From the general information gathered respecting the total minimum needs of the population it can be safely assumed there exists in Siberia a present market for goods, which could be supplied by Great Britain and Canada, amounting in value to probably \$100,000,000; and that these goods could be sold at satisfactory prices, but that the impossibility of getting goods moved to interior distributing centres prevents the ordering of any supplies at present.

The population of Siberia has increased by some 3,000,000 since the outbreak of the war, and may be taken to-day at 14½ to 15 millions. Moreover, a vast movement from European Russia to the fertile lands of Western and Central Siberia in the immediate future is confidently predicted by the best judges of the position. It appears that, despite the division among the peasantry of European Russia since the revolution of the undistributed lands owned by the State, and

of the estates of the nobility and landlord class, the average peasant holding is so restricted in area, and inadequate for the support of life, as to compel the migration of vast numbers. For these the attraction of Siberia must prove irresistible under the freer conditions of existence that will now prevail, and with that movement a corresponding extension of the Siberian market will naturally follow.

In the light of what precedes, the sale of goods to Siberia on any extended scale is not regarded as feasible for the present and is not to be encouraged. The existing conditions, however, are temporary and will pass. In the meantime the situation should not deter Canadian firms desiring to export from taking steps to study the Siberian market and to send over suitable representatives to familiarize themselves with the market conditions and requirements they will have to meet, and to get into touch with the trading organizations, through which eventually the dealings must take place. The commission believes that any such action taken will represent money well spent, and will find its justification when the recovery of the country has reached a point permitting the resumption of business relations on recognized stable lines.

TRADE ROUTES.

For the last five years the economic trade routes to Siberia have been suspended. Dire necessity alone made Vladivostok the one port of entry of Russia and Siberia. In due course, however, the trade of Western and Central Siberia as far east as the Yenisei River, and even to Irkutsk, will again be handled through Russian ports of the Baltic, of the White Sea, via Archangel, and to some extent through the Black Sea ports. Vladivostok necessarily will lose its present importance and will revert to its old position of the principal port of entry and distributing centre of the Russian Far East. It is to be observed, however, that for the trade and commerce of Northern Manchuria and the Trans-Baikal region, Harbin occupies equally as strong a strategic position as Vladivostok. The pre-eminence also of Harbin as a great exchange centre is well known; and in addition to its railway connection with Vladivostok by the Chinese Eastern it is reached via Dairen and Changchun by the South Manchurian and Chinese Eastern railways. The transportation facilities offered by this latter route are quite favourable despite the necessity for transhipment at Changchun. The war period has developed Harbin enormously both as a trade and industrial centre, and the city merits the close attention of Canadian exporters in making their arrangements for Siberian trade.

From what precedes it follows that a corresponding readjustment will take place in the present arrangements for the control and handling of Siberian trade as a whole. Goods for consumption in Western and Central Siberia will, in the very near future, again be purchased by local firms of the chief centres there, and by the great trading organizations in European Russia, principally in Moscow, which in the past have exercised a dominant influence in the trade and commerce of those regions. On the other hand the trade of Eastern Siberia will continue to be controlled by the interests centred in Vladivostok and Harbin. The world-wide attention, however, which the rich resources of the Russian Far East has received during the war period make it reasonably certain that their development will be actively undertaken, as soon as stabler conditions are reached; and that a growing and improving market will be built up in the Russian Far East as a result, a fair share of which it will rest with Canada to obtain.

TRADE BY BARTER.

The necessity of having recourse to the principle of barter to facilitate the supply of the most urgent requirements of the population is being everywhere actively discussed, and in view of the delays and difficulties which must attend the stabilizing of the rouble, and the re-establishment of commercial methods along recognized lines, it seems clear to the commission that a serious attempt should be made to organize a system of exchange of products between Canada and Siberia. The *direct* exchange of goods between the manufacturer in Canada and the producer in Siberia must be regarded as unworkable. In the first interim report (Appendix E¹) of the commission tentative representations for meeting the position were put forward, which might be reconsidered at this juncture. It will be remembered that the proposal provided, with the support of the Government, for the creation of a syndicate or pool of individuals and of manufacturers in Canada making goods suitable for Siberian needs, which would be sold in Siberia by the Commission, who would take in return Siberian products wanted in Canada. These products were in turn to be realized by the Commission and paid over to the pool, the Government guaranteeing or underwriting the difference.

THE CO-OPERATIVE MOVEMENT.

The growth of the co-operative movement in the Russian Empire is one of the most encouraging evidences of the capacity of the Slav race to combine for social and economic progress, and the principle of co-operation, both for production and distribution, if wisely directed and controlled, may easily become the most powerful factor in the regeneration of the country. For a full account of the rise and present position of the movement, the reader is referred to the memorandum on the subject appended to this report (Appendix C²).

The co-operative movement has spread to Siberia. It has taken strong root there during the last few years, and under the prevailing conditions, the co-operative unions may be regarded as the most important prospective purchasers of Canadian goods suitable for peasant use. The financial arrangements of the co-operatives are largely in the hands of the Moscow People's Bank, which is to-day one of the most powerful credit institutions in the Russian Empire. The co-operative societies in Siberia act also as collectors of Siberian produce for export, and with the machinery and the foreign connections of the bank, credits are created for the liquidation of collective purchases made abroad on behalf of the members of the unions.

The general attitude of the representatives of the co-operative movement in Siberia on the subject of close direct trade relations with Canadian producers was clearly outlined at a conference called at Vladivostok to meet the commission, and a report of which, with subsequent correspondence, may be seen in Appendix D³.

While thus recognizing the valuable economic functions of the co-operative societies, the Commission views with some misgivings the tendency manifested of late towards an excessive consolidation of the district co-operative unions, the goal set being one big union aiming ostensibly at a monopoly of control of imports and exports and even, it is stated, of industrial production of articles intended for peasant use. The mere setting in motion of such vast ambitions is both imprudent and not without political as well as economic dangers. One of the results of this over-consolidation is to be noticed in recent operations which

¹ Page 53.² Page 35.³ Page 47.

have locked up the liquid resources of the unions in gigantic purchases of produce which cannot be realized upon owing to the transportation deadlock and currency difficulties. The effect of such occurrences must be unfortunate in the long run, and will not improve the standing of the Russian co-operative movement with its connections abroad. It is to be hoped that this experience will induce the co-operative unions to move cautiously and to confine their efforts to extend their usefulness within the legitimate limits they have observed in the past.

OPPORTUNITY FOR PRIVATE FIRMS.

Apart from the activities of the co-operative associations there is a wide field left for the enterprise of private firms in distributing goods in Siberia and in collecting produce for export abroad. These firms, which are numerous, must continue to be the chief medium of supply for the populations of the towns of Siberia, which are constantly increasing in number, size and importance.

FINANCIAL CONDITIONS AND CREDITS.

There would of course be very little object in encouraging the marketing of Canadian goods in Siberia unless there was some certainty of being able to make arrangements for the payment of these goods on a satisfactory basis. A report of the sub-committee on financial conditions and credits deals with this important matter very fully, but the following points are deserving of special notice in connection therewith.

The financial report (Appendix F¹) draws attention to the complete disruption of trade throughout Siberia, caused chiefly by the disorganization of the railway system, thereby preventing the movement of exports and the consequent inability of the country to create foreign balances for the payment of imported goods.

In this connection the following conditions may be noted, namely:—

The lack of any metallic standard for the paper currency; the rapidly decreasing value of the rouble; the impossibility of purchasing exchange on any other country and the consequent inability of the merchants or people generally to give good money in payment for goods.

The lack of railway transportation for commercial needs precludes the shipment of goods out and thereby prevents the system of barter.

The fact that there is no constitutional government prevents any security being taken for external loans or any security being given to protect an issue of currency.

The report shows the condition of the Siberian Government (which is self-elected, not constitutional) in regard to its resources of gold, etc., and its issues of currency.

The importation of roubles having been prohibited into England, France, the United States or Canada, Russian currency has therefore no purchasing power outside of Siberia, except perhaps to a small extent in a purely speculative way, in China and Japan.

The report advocates the recognition of the Kolchak Government by the Allies, which would, it is hoped, be shortly changed into a constitutional government, in a position to pledge its various assets as security, both for internal currency issues and for external loans; further that an Allied Advisory Council should be created to have charge of all financial affairs, and that a new State

¹ Page 55.

Bank of Siberia, under Allied control, should be formed to take over the Government resources, and to be the only bank in the country empowered to issue circulation; and that the question of dealing with the present enormous over-issues of paper currency should be dealt with by this Advisory Council.

The report speaks highly of the inherent richness of the country, and the dire necessity of the people for agricultural machinery and other manufactured articles which Canada can supply. The conclusion to be drawn from the report is that it would be inadvisable to attempt to ship goods into Siberia at present, but that manufacturers and merchants should seriously consider the advisability of sending over their representatives with samples as soon as possible to study conditions and to be ready to do business just as soon as the transportation of goods is feasible and conditions generally justify the placing of orders.

The financial report points out that while Vladivostok is assumed to be the natural port of entry for the Eastern part of Siberia, Harbin in Northern Manchuria is also a very large distributing point and wholesale centre for a great portion of Eastern Siberia; and is the great exchange centre of that part of the country. Goods for Harbin are routed through Dairen as well as through Vladivostok, and even at the present juncture it is quite possible that Canadian manufacturers and merchants could find an opening for trade in the city of Harbin.

MISCELLANEOUS INVESTIGATIONS.

There can be no question as to the extent of the resources of Siberia in minerals, forests, and fisheries. Any steps taken for their development will necessarily furnish opportunities for Canadian industries.

Eastern Siberia is highly favoured in regard to potential wealth of this character, although comparatively little progress has been made so far in actual development there. The remoteness of the country will explain much; but a more complete explanation, it is thought, is to be found in the obstacles which have been placed in the way of foreign proposals and efforts for development arising out of illiberal laws, arbitrary and burdensome regulations, the risks of official interference, and the lack of satisfactory protection of capital invested in good faith. These conditions were perhaps characteristic of the old régime. It is believed there is a general disposition now to recognize and remedy these defects, and that early changes for the better may be expected, the feeling being that the economic recovery of the country rests largely upon the active development of its latent riches for which the co-operation of experience and capital from abroad must be had.

SIBERIAN FORESTS AND TIMBER INDUSTRY.

At a meeting arranged by the courtesy of the Russian American Association, the commission was enabled to discuss fully the subject of the forests and lumber industry with representatives of the Forestry Department and of the timber interests of the Maritime and Amur provinces. The information obtained is embodied in a memorandum (Appendix G¹) attached to this report and should interest alike Canadian machinery manufacturers and those connected with the lumber industry. Siberian forest policy and practice differs essentially from the system obtaining in Canada. The administration of the State forests proceeds along lines which seem to have no special reference to the conservation and turning to account of a valuable public asset, or to the interests of the public revenue; on the other hand, the methods of forest exploitation are almost

primitive; the equipment of the mills is far from modern, with the result that economical production according to modern methods is impossible and handicaps seriously the development of home and foreign trade. The more far-sighted officials and mill-owners recognize these defects and appreciate the advantages that must follow the introduction of Canadian logging methods, saw-mill practice, and woodworking machine tools. The Russian Timber Association have sent a technical representative to visit North America in order to study the saw-mill industry and associated industries. The commission have made arrangements to have this gentleman met in Vancouver, and to give him every opportunity of examining our Canadian system of work in British Columbia and elsewhere.

The opportunities in Eastern Siberia for Canadian manufacturers of machinery and mill supplies are self-evident; and in the circumstances the despatch of a competent engineer to visit Siberia by the combined interests concerned, and to personally inspect the conditions and to study the requirements, appears an obvious suggestion. The commission is assured that such a visit would be welcomed and facilitated in every way by the members of the Russian Timber Association. For immediate business transactions the question of finance may present difficulties, but that matter is not of so much account as the arriving at a thorough understanding of the facts and possibilities of the situation by those in Canada whom it chiefly concerns. With that knowledge the closing of contracts with the best mills should be capable of arrangement and should follow, and as the result it would advertise Canada and develop a new market. Russian mills would be enabled to produce economically, a vast industry would be promoted, and the economic position of the country greatly relieved.

The opportunities in the Russian Far East for employing capital in the timber industry and for the erection of pulp and paper mills are considerable. The attitude of local interests towards foreign capital is that this should take place in co-operation with Russian finance and enterprise rather than independently. There are many advantages to be gained in Russia by following this course. The necessity for caution in associating with reputable persons is therefore obvious. The commission is of the opinion generally that some steps should be taken to secure greater protection in Russia for foreign capital invested in that country especially when connected with industrial enterprise. It would appear that this matter can be most conveniently arranged by the Allied Governments, who may be expected to review the conditions under which trade between Russia and their respective countries is to be conducted in the immediate future.

SIBERIAN SALMON FISHERIES.

A meeting was also arranged with the representatives of the Government Fishery Department and of the Russian Fishery Association and others at which much information of interest to Canada was obtained and recorded (see Appendix H¹).

The fisheries of the Russian Far East are of the greatest importance and value. They extend along a coastline of 6,000 miles from the Sea of Japan to the Behring Sea. Every species of fish taken on the Pacific Coast of the North American Continent are found in the greatest quantities in those waters. The interests of Canada centres in the salmon fisheries of Siberia. The falling off of the supply of the sockeye salmon on our coasts has been noticeable for some years, and the serious reduction in the pack of this, the highest quality of

¹ Page 70.

salmon, suggests the need for tapping fresh sources of supply. The red salmon or sockeye (Krasnaia) in Russia are found in Siberian waters in enormous quantities. The best fish of this class are taken in the northern waters around the Kamchatka Peninsula and on the Behring Sea coast. Salmon canning is in its infancy in Siberia. The largest pack was secured last season and amounted to 500,000 cases.

Japanese under their fishing rights in Russian territorial waters are forging ahead of Russian enterprise in the salmon canning industry, and are beginning to realize its possibilities for the world's market.

Here then it appears is an opportunity for Canadian enterprise which is worth considering, and which will suit alike Canada's needs and experience. It is understood that local Russian fishery interests in the Far East would welcome Canadian participation, but would prefer that this should take the form of co-operation with existing interests rather than of independent action. Probably at the outset the former method would be found the safer course, in view of the conditions surrounding new ventures in Russia, to which reference has been made above.

Japanese subjects enjoy fishing privileges in the territorial waters of Siberia on an equal footing with Russian subjects, by virtue of the convention concluded with Russia in 1907. These privileges, however, do not extend to the rivers, bays and inlets which are reserved exclusively for the use of Russian subjects. The convention is for twelve years and is to be renewed or modified every twelve years by mutual agreement. It is understood that negotiations are in progress for a renewal of the convention for a further term.

SIBERIAN FLAX FIBRE.

At the request of Western Canadian industrial interests the commission instituted inquiries regarding Siberia as a source of supply of the raw flax for textile purposes. A statement of the facts brought out is appended (Appendix J¹).

Flax fibre of good quality is raised in many parts of Siberia, mainly, however, in the Western and Central Divisions. About forty per cent of the product is exported to Western Europe and Great Britain. These districts are too remote from Western Canada to make shipments of the raw material a feasible proposition. It may be pointed out that a nearer source of supply may be developed in Eastern Siberia, where in the Ussuri Valley of the Maritime Province, within easy reach of Vladivostok, the conditions of soil and climate are favourable to the cultivation of the flax plant. In this district also a considerable area is under crop, mainly for seed. At present, however, the quality of the flax fibre raised is low as little attention is paid to the selection of the seeds used. The amount also grown is not large, and barely covers local needs.

Local agricultural experts are optimistic regarding the ability of the peasants to raise a high quality of flax fibre provided they were sure of a market. Some organized effort will be wanted to provide purchasing and storage stations at the principal points, and to supply the necessary machines for separating the straw from the fibre, combing, etc. The local Zemstvo bodies and co-operative societies were seen in regard to this subject. They are prepared to interest themselves and will be pleased to get into touch with prospective buyers in order to learn their wishes and requirements. The subject has been left in the hands

¹ Page 74.

of the Canadian Trade Commissioner at Vladivostok, who will be the most convenient channel of communication for interested parties in Western Canada desiring to follow up the question.

Recommendations.

Your commission in closing this report desire to submit for consideration the following concrete conclusions bearing more especially on the trade organization in Siberia, which we are of opinion should be maintained by the Canadian Government, namely:—

GOVERNMENT OFFICE AT VLADIVOSTOK.

Your commission urge the continuance of a thoroughly organized Canadian Government office at Vladivostok, but point out that the trade commissioner in charge should be supported by a technical staff.

It is also recommended that commercial correspondents should be appointed to Irkutsk, Harbin, and Nikolayevsk. These gentlemen could be selected from reliable local British firms. If the best results are to be accomplished in the direction of forming connections for Canadian trade in Siberia, these additional appointments in our opinion are highly desirable.

Irkutsk is an important administrative centre and is the point where Eastern and Western Siberia meet. The territory of which it is the heart will undoubtedly receive a great impetus from the improvement and development of the inland waterways, mining, agricultural and live stock interests which we believe will follow a return to stable conditions. Active officials at Irkutsk and the other points mentioned should be in a position to furnish to the trade commissioner at Vladivostok exceptionally valuable information as to the markets of these districts, which offer great possibilities of expansion.

Nikolayevsk was formerly the seat of the governor of the Sakhalin Province, and is a port which the Russians have already taken energetic steps to develop. Its location at the entrance of the system of waterways formed by the Amur and its tributaries, assures its position as a shipping centre.

SAMPLE WAREHOUSE AT VLADIVOSTOK.

A recommendation was forwarded during the sessions of the commission at Vladivostok to the Department of Trade and Commerce for the establishment of a Canadian sample warehouse there. It was felt then and is strongly urged now that if the Government would provide a proper building which could be used to exhibit samples of Canadian goods suitable for Siberian trade, and arrange with the producers of such goods in Canada to send forward a complete line of their samples, this sample warehouse could be made an important medium for the introduction of Canadian goods, providing its establishment was followed by visits of representatives of Canadian manufacturers who could use the warehouse as their headquarters when soliciting orders.

LIVING QUARTERS AND INTERPRETERS.

Special attention is drawn to the temporary difficulty of obtaining living quarters at Vladivostok and the advisability of making reservations in advance. With a view to the assistance of Canadian commercial visitors, the instructions of the trade commissioner might include reference to this matter with directions to prepare and keep up to date a register of hotels and boarding houses. It would also be advisable for the trade commissioner to keep a list of available interpreters who might be engaged at short notice.

THE ISSUE OF PAMPHLETS.

Before leaving Siberia your commission urged that an illustrated pamphlet describing Canada and her resources should be prepared and translated into Russian for distribution throughout Siberia. Not having had time to accomplish this during their stay in Vladivostok, a small leaflet was prepared for distribution through the medium of the trade commissioner. Your commission, however, feel that the original proposal should be carried out, and a carefully prepared pamphlet in Russian issued for wide distribution.

MOVING-PICTURE FILMS.

It was arranged before the Commission left for Siberia that certain moving-picture films illustrating Canadian national life and industries should be prepared and forwarded for use throughout the country. They failed, however, to come to hand, and your commission now recommend that a series of such films be prepared with the proper Russian titles and made available for use by the trade commissioner in carrying on an illustrated propaganda through the medium of the co-operative societies, the zemstvos, the schools and other suitable organizations, who would be glad to arrange for the exhibit of these films.

SIBERIAN SUPPLY COMPANY.

In connection with the exchange of correspondence regarding the contract entered into with the Siberian Supply Company, attention must be specially directed to the objection of the co-operative societies to doing business with this company¹. The fear of the co-operative societies seems to be that any

¹ During the absence of the Commission in the month of February last, the Department of Trade and Commerce was apprised of an arrangement entered into by the British Government and a British organization having large interests throughout Siberia, under which economic relief in the form of supplies of the first necessities, was to be furnished to the peasant population of Siberia. These supplies were to be distributed through responsible local organisations directly to the consumer and practically at cost price. On that understanding and with that guarantee on the part of the British organization referred to, the British Government arranged to finance the purchase of the supplies required, which were to be obtained in the United Kingdom and in certain of the British Overseas Dominions, including Canada. It was assumed that a preference would be given to the transportation of these goods on the Trans-Siberian railway from Vladivostok. Upon inquiry the Department learned that the Imperial Government had no objection to the Canadian Government, if so minded, entering into arrangements with the company in question for the supply of Canadian goods for the Siberian situation, and in the upshot a somewhat similar contract was made by the Department with the representative of the company when he passed through Canada.

Unfavourable circumstances, however, developed subsequently, more particularly in regard to the matter of transportation facilities for goods other than military and Red Cross stores. The granting of a preference on the railway for British goods, even if intended for the relief of the destitute civil population, was found to be open to such serious objection from an international point of view as to be impracticable. In practice such supplies will have to take their chance of transportation with those of private traders, and thus further progress becomes impossible until the transportation situation is very much better than it is reported to be at the present time.

The Canadian Economic Commission expressed itself as in disagreement with the policy of the Department in the matter of the contract. In this respect it appears they had the support of the existing local native and foreign private trading interests, and also of the co-operative organizations. The main objection formulated was that the arrangements in question, however laudable in their inception and intent, would tend to create a trading monopoly. The co-operative organizations were also strongly opposed to the intervention of any intermediary for profit however small, both in regard to their purchases of goods from abroad, and their sales of produce for the creation of foreign credits.

The practical difficulties arising entirely from the transportation position have not permitted the British organization to effect any tangible results whether for the Imperial Government or for Canada. And in the case of the Imperial Government, their contract it is understood will shortly expire.

The continuation of the Canadian contract becomes in the circumstances of problematical value, and other means must be found for meeting the situation against the renewal of more satisfactory transportation facilities in Siberia. Certain pertinent suggestions are to be found in the Commission's recommendations in this regard.

organization like the Siberian Supply Company, which is financed by the Government, will become a serious competitor of theirs in trade with the peasants, and when it is recognized that the co-operative societies are the best organized and most widely distributed medium through which goods can reach the ultimate consumer, their opposition to doing business with the Siberian Supply Company will have a serious effect upon the success of that organization. It must be further noted in connection with the operations of this company that while it no doubt may be able in time to market and distribute a certain quantity of Canadian goods in Siberia, their activities will have no permanent effect in establishing Canadian trade, because when their contract expires Canadian manufacturers will have to begin all over again to create a market for their particular goods and as a result valuable time in establishing permanent trade relations between individual Canadian firms and those local organizations in a position to buy and distribute Canadian goods, will be lost.

In this connection the commission observes that, in the event of any revision of the agreement with the Siberian Supply Company being contemplated, the possibilities of the proposals on the subject of a trading pool of Canadian manufactures, under the auspices of the Department of Trade and Commerce, outlined in the memorandum dated Vancouver, December 9, 1918, (Appendix E¹), should be given careful consideration.

This proposal appears to afford the means of accomplishing the introduction of Canadian manufactures into Siberia, as well as being adapted to the system of trade by barter which would seem to be necessary pending the re-establishment of financial stability.

The point is one which must necessarily be of great interest to the Canadian Manufacturers Association, who might be prepared to undertake the responsibility of selecting and providing the necessary technical staff required in Canada and Siberia in connection with the proposed organization.

AGRICULTURAL DELEGATES.

Attention must be drawn to the recommendation of your commission that a party of say twenty Siberian agricultural delegates, selected by the zemstvos and co-operatives in Vladivostok, should be invited to visit Canada for the purpose of studying Canadian national life and attending courses of lectures dealing with the methods of cheese and butter-making, the care of stock in summer and winter, the use of modern farm machinery and implements, and generally to familiarize themselves with the industrial and social life of farming communities in the Canadian Northwest. (Appendix D².)

The commission feels that this proposal would implement in a practical direction the sincerity of the frequently expressed intentions of the Canadian Government to render economic assistance to Siberia.

The provision of these facilities, which are purely educational, would have considerable influence in improving the dairying industry in Siberia, and incidentally become an important factor in creating a demand for Canadian manufactured machinery, implements, tools and dairy equipment.

We have the honour to be, Sir,

Your obedient servants,

The Canadian Economic Commission,

J. S. DENNIS,

Chairman.

LOUIS KON,

Secretary.

APPENDICES.

APPENDIX A.

TRANSPORTATION CONDITIONS IN SIBERIA.

By J. S. DENNIS AND A. R. OWEN.

The sub-committee to whom was delegated the duty of reporting on the subject of transportation, beg to submit the following report for consideration of the commission:—

Our investigation of this important matter leads to the conclusion that the whole success of activities in Siberia, both military and economic, is centred in an improvement of the present means of transportation.

The transportation problem naturally divides itself into two divisions: the movement of goods from overseas to this port (Vladivostok), and the subsequent distribution of these goods to points in the interior. Dealing with the question in the order mentioned, it may first be pointed out that there is little use in endeavouring to encourage or increase the overseas shipment of goods or to increase the movement of the number of ships to this port, until something can be done to relieve the bad congestion of goods already delivered at this port.

CONGESTION OF PORT AND RAILWAY.

At the present time this congestion is so marked that ships arriving, in many instances, cannot find any place to discharge; the available warehouses are all filled to overflowing, and all vacant spaces adjacent to docks and water-front railway trackage piled with goods, protected from the weather only by temporary covering. Serious delays in the sailing of local coasting and mail ships have resulted from the inability of these ships, on their inward voyage, to discharge their cargo, and this situation will become more acute unless some improvement can be made in the movement of goods to interior points by the railway line.

Under existing conditions it would seem to your sub-committee that the commission would not be justified in taking steps to encourage further shipment of Canadian goods for distribution in Siberia until the conditions as outlined above are very much improved.

We are of opinion that when conditions in the harbour improve and those in the interior become normal there will be an active market for many lines of Canadian goods, and when that time comes it will be necessary that a direct line of ships, both passenger and freight, be provided from Vancouver to this port and provision made through frequent sailings for prompt business intercourse between Siberia and Canada.

The matter of the improvement of transportation facilities by existing railway lines in Siberia is a many-sided problem. At present the main line via Chinese Eastern across Manchuria, and the Trans-Siberian from Cheta to Omsk, is so congested that it is impossible to get traffic moved in any quantity or with any regularity. The recent report is that the military passenger trains now take three weeks to reach Omsk (a distance of 3,506 miles) and the conditions regarding the movement of ordinary merchandise will be understood from the statement that between September

1 and November 24 an average of sixteen cars a day of private goods were despatched west from Vladivostok. From November 24 to January 13 no cars were sent forward, and an agreement was then reached that fourteen cars a day were to go forward, but up to January 25 not more than two cars a day were despatched. This congested condition and delay in sending forward the goods so urgently needed, and which are congesting all terminal storage facilities, still continues with no immediate prospect of any betterment of conditions.

CAUSE OF THE CONGESTION.

This somewhat desperate condition of affairs is due to many causes. During the war period the roadbed and equipment were worked to the limit in transporting troops and war material, and rolling stock deteriorated rapidly owing to overwork and need of repairs. Following the revolution conditions became rapidly worse, until to-day the line can hardly be designated as a workable railway system. At the present time it is estimated that 30,000 cars of all kinds are occupied as living quarters all along the line of refugees. All the station buildings are similarly occupied, and the main terminal at this point is so congested with passenger and official trains, which are permanently used as living quarters, that it is impossible to carry on terminal work promptly.

The Amur line from this point via Khabarovsk and the Amur river to its junction with the main line at Chita is, it is understood, in the same congested condition as the main line, and in addition the roadbed of the Amur line is in very poor shape and a considerable section of the line west of Khabarovsk is in such shape that trains cannot be operated.

It is also understood that the motive power on the whole railway system is in very poor shape and badly in need of repairs, and that the facilities and material for making needed repairs are very limited.

There is a further difficulty, it is understood, resulting from delay in payment of railway operatives' salaries with the consequent and inevitable low morale in the operating staff.

INTER-ALLIED RAILWAY COMMISSION.

To overcome these many difficulties an agreement has been entered into by the Allied Governments the provisions of which are as follows:—

(1) General supervision of railways in the zone in which Allied forces are now operating shall be exercised by special Inter-Allied Committee, which shall consist of representatives from each Allied power having military forces in Siberia, including Russia, and the chairman of which shall be Russian.

The following boards shall be created to be placed under the control of the Inter-Allied Committee:—

(a) Technical board consisting of railway experts of the nations having military forces in Siberia for the purpose of administering technical and economic management of all railways in that zone.

(b) Allied military transportation board for the purpose of co-ordinating military transportation under instructions of proper military authorities.

(2) Protection of railways shall be placed under Allied military forces. At the head of each railway shall remain the Russian manager or director with powers conferred by existing Russian law.

(3) Technical board shall elect a president to whom shall be intrusted technical operation of railways. In the matter of such technical operation the president may issue instructions to Russian officials mentioned in preceding clause. He may appoint assistants and inspectors in the service of the board chosen from among nationals of the powers having military forces in Siberia to be attached to the central office of the board and to define their duties. He may assign, if necessary, various railway experts to the more important stations.

The interests of the respective Allied powers in charge of military protection shall be taken into due consideration.

He shall distribute work amongst clerical staff of the board whom he may appoint at his discretion.

(4) The clerical staff of the Inter-Allied Committee shall be appointed by the chairman of the committee, who shall have the right to distribute work amongst such employees as well as of dismissal of them.

(5) The present arrangements shall cease to be operative upon the withdrawal of the foreign military forces from Siberia and all foreign railway experts appointed under this arrangement shall be then recalled forthwith.

A careful consideration of the agreement quoted leads your committee to the conclusion that the organization created thereby will not be able to solve the present problem of the rehabilitation and operation of the railway system. It is to be hoped and expected that some improvement in the present chaotic conditions will be accomplished; but the operating and control machinery created by the agreement, subject as it is to Russian control, is too cumbersome and the opportunities for disputes and delays too many to hope for anything like prompt and efficient rehabilitation and operation of the railway system.

SUMMARY OF VIEWS.

Summarizing our information and ideas we submit the following:

(a) There is no justification at the present time for the encouragement of a direct steamship line from Canada to this port, and until such time as the present congested condition of the port is relieved by shipment to the interior or to export ports of the vast quantities of goods waiting movement, the commission should not encourage the importation from Canada of any goods other than those most urgently needed and for which there is some reasonable assurance of preferential treatment in their reshipment to interior distributing points.

(b) That the whole solution of the economic problem in Siberia is dependent upon an early rehabilitation of the railway system and its operation thereafter in accordance with modern railway methods. We realize that it will take time and the expenditure of a large sum of money to accomplish this desired end, but the problem is not impossible of rapid solution if the proper organization were provided to undertake it. We feel, however, as already stated, that this end will not be reached under the organization created by the agreement above quoted, and venture the opinion that until such time as the railway system is taken possession of by the Allied forces, the right of way and stations cleared of refugees, the whole system properly policed and then turned over to one supreme and properly qualified railway organization to repair, equip and operate, the chances for immediate improvement in existing conditions are not very bright.

(c) Your committee recommends that these facts be submitted to the Canadian Government, and steps taken at once to convey through the proper channels the information to Canadian manufacturers relative to the unwisdom of shipping goods to this port until they are advised of a marked improvement both in the port and in the operation of the railway system.

The Amur River Route.

Eastern and Northeastern Siberia is a vast undeveloped country rich in fish, fur, timber and minerals. It is for the most part a trackless wilderness of forest and mountain and is thickly settled only in the fertile valleys of the Amur and its tributaries, where are situated the big towns of Stretensk, Blagov, Khabarovsk, Yeshchensk and Nikolayevsk.

The Amur is navigable for upwards of 2,000 miles from Stretensk to the sea and tributary thereto is a branching network of large rivers among which are the Shilka, Argun, Sungari, Ussuri, Zeya, Boureya and Amgum. All are wide, sluggish and navigable for many miles.

During recent years a profitable system of inland transportation has been developed on these waters. In 1916 nearly one million tons of freight were shipped through Stretensk, and there is no doubt that with the resumption of normal times this figure will be greatly increased.

There are at present on the Amur River system about 700 craft of various types and sizes of which 255 are self-propelled. Of these 52 steamers and 75 barges, including the majority of the best boats, are controlled by the Amur River Steamship Co. This company up to the present has been the only strong organization on the river, the majority of the remaining boats being privately owned. It is now, however, in financial difficulties as all its available cash was confiscated by the Bolsheviks and the local banks are not able to come to its assistance. In view of the present chaotic condition of affairs in the country it would seem that the system can only be operated successfully by a foreign company. A private system of credit would have to be arranged and the management would have to be from outside in order to avoid local intimidation and robbery by temporary governments.

Were this route available ocean-going steamers might discharge their cargoes at Nikolayevsk for transference by water as far as Chita, but the same conclusions as those relating to the railway system must inevitably be reached, namely that until order is restored the Commission cannot see its way to recommend the movement of Canadian goods via the port of Nikolayevsk.

Probable Future Position of Vladivostok.

We would like to call the attention of the Canadian manufacturers and exporters to the position of Vladivostok as a port of entry for goods required in the interior of Siberia.

It would seem to be not generally recognized in Canada that the bulk of the population of Siberia are situated on the fertile agricultural districts of Western Siberia, which in regard to distance are nearer to the ports of European Russia than to the Russian ports on the Pacific Ocean. This fact must be taken into consideration in connection with the distribution of goods for Siberia.

Before the outbreak of the European War, goods were only supplied from Vladivostok for the territory east of Lake Baikal, containing approximately 16 per cent of the total population of Siberia. The war closed the Russian ports on the Baltic and the Black Sea, and hence the port of Vladivostok became the chief port of entry for Siberia.

For manufacturers and exporters in Eastern Canada, it is more convenient to ship to ports in European Russia, since the long rail haul across Canada is thereby avoided. On the other hand Canadians have also a very great interest in the development of Trans-Pacific trade with Siberia. Various factors influence the route by which it is most convenient to transport merchandise to Siberian centres, but it may be expected that when conditions again become normal the relative importance of Vladivostok as an importing centre for the interior will decline, and that eventually goods will be shipped through this port only for the territory East of the Yenisei River.

ROUTES AND DISTANCES COMPARED.

The following comparative table shows the relative distances to points in Western Siberia between Irkutsk and Cheliabinsk from Vladivostok, the Baltic port of Petro-

grad, Riga and Libau, the Arctic port of Archangel and the port of Odessa on the Black Sea.

To	From					
	Vladivostok.	Petrograd via Tiumen and Volodga.	Archangel via Tiumen and Vologda.	Riga via Samara and Moscow.	Libau via Samara and Moscow.	Odessa via Kharkov and Penza.
	Miles.	Miles.	Miles.	Miles.	Miles.	Miles.
Irkutsk.....	2020	3414	3436	3720	3842	4068
Krasnoyarsk.....	2698	2736	2758	3042	3164	3390
Atchinsk (for Minusinsk).....	2814	2620	2642	2926	3048	3274
Taiga (for Tomsk).....	3032	2402	2424	2704	2826	3056
Nova-Nicolaevsk (for the Altai).....	3176	2258	2280	2564	2686	2912
Tatarskaya (for Kolundin railway).....	3462	1972	1994	2278	2400	2626
Omsk.....	3566	1868	1890	2174	2296	2522
Petropavlovsk.....	3736	.....	.....	2004	2126	2352
Kurgan.....	3904	.....	.....	1836	1958	2184
Chelabinsk.....	4064	.....	.....	1676	1798	2024
Tiumen.....	3924	1510	1532	.....	.....	.....
Ekaterinburg.....	4127	1308	1331	.....	.....	.....

The above table shows clearly the comparative distances of the various routes by which it is possible to ship merchandise to centres in Western Siberia. It may be seen that the point approximately half way between the Baltic and Vladivostok is somewhere between the stations of Taiga and Atchinsk. A reference to the statistics of population indicates that out of a total population for the whole of Siberia estimated at 10,510,200, approximately 7,408,700 live West of the boundary line between the Provinces of Tomsk and Yenisei, which crosses the railway between the two stations mentioned above. The following table with figures taken from the Russian Year Book, gives the population of the various Siberian Provinces on January 1, 1912.

Population by Provinces.

Western Siberia—

Province.		
Tobolsk.....		1,822,600
Akmolinsk.....		1,256,300
Semipalatinsk.....		787,100
Tomsk.....		3,542,700
Total for Western Siberia.....		7,408,700

Central Siberia—

Province.		
Yenisei.....		832,000
Irkutsk.....		606,109
Total for Central Siberia.....		1,438,100

Eastern Siberia—

Province.		
Trans-Baikal.....		758,000
Yakutsk.....		311,100
Amur.....		162,900
Maritime.....		382,800
Sakhalin.....		12,700
Kamchatka.....		35,900
Total for Eastern Siberia.....		1,663,400

APPENDIX B.

SIBERIA AS A MARKET FOR CANADIAN GOODS.

By C. F. JUST AND L. D. WILGRESS.

The investigations of the Canadian Economic Commission (Siberia) have convinced us that Siberia presents a large market for a great variety of products which are manufactured in Canada.

TERRITORY.

Siberia proper, exclusive of Russian Central Asia, covers an area of 5,230,415 square miles, which is more than one third greater than the total area of Canada. This territory stretches for a distance of approximately 6,000 miles from the Ural mountains to the Pacific Ocean, and is bordered on the North by the Arctic Ocean and on the south by the outposts of the Chinese Empire, along the Mongolian and Manchurian frontiers.

Within the borders of Siberia are found fertile plains of black earth; grazing prairie lands; rolling downs; rugged plateaux; extensive forests and frozen Arctic wastes. The territory is rich in agricultural resources, furs, mineral and forest wealth.

Geographically and economically Siberia may be divided into three main divisions,—

WESTERN SIBERIA.

Western Siberia, which comprises practically the whole of the watershed of the Ob River, is made up of the Provinces of Tobolsk and Tomsk and the Districts of Akmolinsk and Semipalatinsk. From north to south Western Siberia is comprised of several zones. In the far North are barren Arctic wastes, south of which is a wide extent of forest belt. At about the 56th degree of latitude the forest belt merges imperceptibly into the arable zone which is a continuation of the black earth region of Southern Russia. The bulk of the population of Siberia is settled in this arable zone, which economically is the most important part of the country. It was here that the stream of Slavonic immigration from European Russian was first directed, and it is here that European commercial influence is most widely spread and most deeply rooted. South of the black earth belt, commencing at about latitude 53, are the dry steppes, suitable only for grazing but supporting large flocks of horses, cattle and sheep. The southern boundary of Western Siberia is formed by the Altai mountain chain, which crosses the continent in a north-easterly direction. The foothills of the mountains provide some of the most fertile lands in Siberia, while the higher slopes afford excellent pastures.

CENTRAL SIBERIA.

Central Siberia stretches from West of the Yenisei River to Lake Baikal, and comprises the Provinces of Yenisei, Irkutsk and Yakutsk. Most of this section of Siberia consists of forest lands. In the south there are rolling downs and semi-mountainous country, covered for the most part with forests. In the valleys there are areas of arable land. The development of Central Siberia has been hindered owing to the distance from export markets, the rail haul to either the Pacific or Baltic seabords being too long to permit, in normal times, the shipping abroad of the products of this region.

EASTERN SIBERIA.

The third district into which Siberia may be divided economically is that which is known as the Russian Far East, and stretches east from Lake Baikal to the Pacific Ocean. This section comprises the Provinces of Trans-Baikalia, Amur, Maritime, Sakhalin and Kamchatka. Commercially Eastern Siberia has always been distinct from the rest of the country. The trade has been controlled for the most part from Vladivostok, foreign goods being imported by sea, while Western and Central Siberia received supplies of foreign merchandise by rail through European Russia.

The climate of the Russian Far East is largely influenced by the Yablonvny mountain chain, which runs north-easterly from the mountains of Trans-Baikalia. This mountain chain protects the Amur River Valley from the cold north and north-west winds. The slopes of the mountains are well wooded, and the forest resources of Eastern Siberia are important in connection with the future development of industry. This territory is also rich in minerals, while the fisheries of the Amur River and the coast are an important potential source of wealth.

There are only three agricultural districts of importance in the Russian Far East:—(1) the Chita district of Trans-Baikalia is a sheltered valley with fertile soil; (2) the Amur Valley, in the neighbourhood of Blagovyeshchensk, is a district of great fertility lying between the Yablonvny Mountains and the Amur River and watered by the Zeiya and Boureya rivers; (3) the Ussuri valley runs north for a distance of 400 miles from Vladivostok to Khabarovsk, and is separated from the Pacific Coast by a range of mountains.

Eastern Siberia may be said to be the least developed portion of the country, but, on the other hand, this district is rich in resources which should be utilized to a greater extent in the future.

This will be reflected in a rapid growth of trade with the Pacific ports of Russia.

In addition to serving Eastern Siberia, Vladivostok is also, to a certain extent, a port for Northern Manchuria. The trade centre of Northern Manchuria is Harbin, which is connected with Vladivostok by railway. The total population of this district is approximately 8,000,000, most of whom are Chinese engaged in agriculture.

POPULATION.

The population of Siberia has been variously estimated. The following table with figures taken from the Russian Year Book gives the population of the three divisions of Siberia on January 1, 1912.

Western Siberia	7,408,700
Central Siberia	1,749,200
Eastern Siberia	1,352,300
	10,510,200

It will thus be seen that of the total population of Siberia, approximately 70 per cent are settled on the agricultural lands of Western Siberia.

To the above figures must be added a considerable immigration from European Russia, greatly augmented since the outbreak of the war by a stream of refugees driven from their homes by foreign invader or revolution. The population of many of the towns of Siberia has been more than doubled in the last few years. The total population of Siberia at the present time must be in the neighbourhood of 14,000,000 people.

OCCUPATION OF THE PEOPLE.

The bulk of the population of Siberia consists of peasants, who are chiefly engaged in the raising of cereal crops, but who also keep cattle, horses and other stock. The proportion of peasants to the rest of the population is said to be over five to two. This

fact must be borne in mind in connection with the supply of merchandise to Siberia. The demand is chiefly for goods adaptable to the requirements of peasants. There is also a limited trade in articles for consumption among the population of the towns, but in this connection it must be remembered that the general standard of civilization is not so high as in Canada, while the purchasing power of the people is limited.

Prior to the war, the area of land under cultivation in Siberia and the Central Asiatic part of Russia was returned at 35,000,000 acres. This area exceeds the whole of the area under cultivation in Canada. The statistical position is as follows:

	Acres.	Yield.
Cereals (wheat, barley and rye)	26,617,837	310,000,740 bushels.
Oats	7,471,234	78,302,025 "
Potatoes	641,741	62,166,660 "
Cotton	1,068,808	209,013,496 pounds.
Total under cultivation	35,799,620	

By far the larger portion of the above area under grain must be credited to Siberia. It is stated that for the coming year 20,000,000 acres will be placed in cereal crops in Siberia. These figures indicate very clearly the possibilities of the market for agricultural implements and machinery and for the other requirements of the farming population.

Dairying has become an industry of great importance in Western Siberia since the building of the railway. In 1913 approximately 70,000 tons of butter were exported to foreign countries. The making of cheddar cheese has been taken up recently with the view to supplying the English market. Associated with these developments may be mentioned the pig breeding industry, which has already reached large proportions, and it is expected that bacon will be an important article of export from Western Siberia in the future.

The provision of grain elevators and cold storage plants is considered necessary for the further development of Siberian agriculture. Openings for Canadian trade are presented by the providing of the machinery and supplies for the extension of these facilities.

THE MINING INDUSTRY.

In addition to agriculture, the great resources of Siberia in minerals, forests, furs and fisheries, support a large part of the population. Mining is a most important industry throughout Siberia. The supply of machinery and equipment for the carrying on an extension of this industry must continue to be a trade of considerable proportions. The deposits of gold, silver, lead, zinc and copper have been energetically developed, mainly with British capital, in the Ural Mountains, the Kirghiz steppes, in the Altai mountains and in Central and Eastern Siberia. Placer mining is carried on throughout Central and Eastern Siberia, the fields of the Lena river and the Amur district being especially important.

Coal is found in various parts of the country, and the rise in the price of wood has lead to the exploitation of the mid-Siberian fields. Rich coal beds exist on the island of Sakhalin and along the Pacific coast. Deposits of iron ore are found near coal fields in the mountainous districts, but are waiting proper transportation facilities for their profitable exploitation.

UTILIZATION OF FOREST RESOURCES.

The great forest resources of Siberia have, up to the present, been exploited to only a very small extent. The development of the timber industry is essential for the future, if the normal trade of the country is to be restored. It is estimated that there are 810,000,000 acres of timber land in Asiatic Russia, two-thirds of which are

accessible for commercial purposes. German and Swedish machinery has, up to the present, been chiefly employed for saw-milling purposes, but there is a good opening for the introduction of Canadian saw-milling machinery and logging appliances, especially in Eastern Siberia.

THE FISHERIES.

The further development of the fisheries of the Russian Far East will lead to a demand for canning machinery and for a variety of supplies. Canadian firms should be in a position to secure a share of this business.

INDUSTRIAL DEVELOPMENT.

Siberia may be said to be practically without manufacturing industries. Up to the present, the only factories which have been established are those which depend upon an abundant supply of cheap raw material such as spirit distilleries, flour mills, skin curing and leather making plants, etc. The great dearth of all kinds of manufactured goods during the past few years has made Siberians realize the necessity for the establishment of home industries and for the utilization of the resources of the country in coal and iron. Attention is especially directed to the need for factories producing articles of first necessity. Inquiries are being made for machinery and equipment for the outfitting of textile plants, boot and shoe factories, clothing and shirt factories, button-making factories, leather plants, cigarette factories, meat canning and preserving plants, condensed milk factories, vegetable preserving plants, iron works and factories producing agricultural tools and implements. The supply of the necessary equipment for the establishment of these industries presents possible openings for the extension of Canadian trade with Siberia.

SHORTAGE OF MANUFACTURED GOODS.

The establishment of manufacturing industries in Siberia must be considered a matter of the future. It will be many years before these factories are able to supply even a small proportion of the great quantity of manufactured articles which are required in the country. The people are therefore dependent upon imports from foreign countries for their supply of these goods. Owing to the inadequacy of railway facilities since the outbreak of the war, Siberia is now practically destitute of all kinds of manufactured goods to meet the needs of the population. The great need of the present moment is therefore for articles of first necessity, such as clothing of all kinds, drugs and chemicals, agricultural implements and railway supplies.

RELIEF OF THE PRESENT SITUATION.

The chief obstacles to the relief of the present economic situation in Siberia are: (1) the disorganization of transport; (2) the difficulties of financing shipments of goods purchased in foreign countries. The latter may be said to be dependent upon the first, so that the railway problem becomes the fundamental factor in the economic situation. There is said to be plenty of money in the hands of the peasants of Siberia, but that they are unable to purchase with this money the articles which they require owing to there being no goods on the market. The peasants are consequently reluctant to part with their produce so long as they can only receive more paper money in return. The absence of manufactured goods and the break-down of railway transportation may therefore be said to have paralyzed the economic life of the country.

The railway situation and the prospects for the solution of this problem have been fully dealt with in the report of the Sub-Committee on Transportation. The Sub-Committee on Financial Conditions and Credits are investigating the question of the financing of shipments of foreign goods.

It only requires to be noted here that previous to the outbreak of the war, goods were sold in Russia under terms of credit extending from three to nine months in the

case of ordinary merchandise, and up to two years in the case of machinery. At the present time, foreign traders will only consider it safe to deal with Russia on a gold basis and for cash, but Canadian firms must be prepared to consider the question of granting credits as soon as financial conditions become normal and the circumstances again warrant such a procedure.

REQUIREMENTS OF THE MARKET.

It will be realized that in view of the above considerations, business transactions with Siberia on a large scale are not possible at the present time. Since everything may be said to depend upon the prospects for an early reorganization of the transport facilities, Canadian manufacturers are advised to keep in close touch with the situation and to watch developments with a view to being prepared for the eventual resumption of normal trade.

The openings which the Siberian market offers for Canadian products have been the subject of investigation by Canadian Trade Commissioners in Russia during the past three years. Information regarding the range and character of the requirements of the country in those lines, in which Canada is most interested, is available from the reports of these officers, which have been published in the *Weekly Bulletin* of the Department of Trade and Commerce.

Attached to this report is a list of the articles required in Siberia, which in the opinion of the Commission could be supplied from Canada. This list has been prepared on the basis of lists submitted by private firms and official and co-operative organizations covering their requirements of goods for this market. The articles given are divided under the following heads:—

- (1) Agricultural appliances.
- (2) Hardware, tools and machinery, other than agricultural.
- (3) Household utensils.
- (4) Clothing articles.
- (5) Food products.
- (6) Miscellaneous.

This list will give some idea as to the character and range of the goods in demand in Siberia.

Canadian firms must bear in mind that Siberia is a market where cheapness is a consideration of great importance, owing to the limited purchasing power of the inhabitants, but that quality must not be sacrificed for the sake of cheapness. Canadian and American goods enjoy a good reputation in Siberia, whereas Japanese manufacturers have in many lines spoiled the market for their goods by the poor quality of the articles which they have supplied. Practical utility is the chief factor governing the saleability of most of the lines required in Siberia. The peasants want goods adaptable for the purpose for which they are used, but which are not too high in price.

A statement of the requirements of the Siberian market has been prepared for the confidential information of Canadian manufacturing interests. The particulars cover the chief commodities for peasant use, with estimates of the quantities required at the present time.

COMPETITIVE SOURCES OF SUPPLY.

The United States may be regarded as the chief competing country in the lines in which Canada is the most interested in developing trade with Siberia. Canadian firms are familiar with the products of American manufacturers. In the matter of transportation to Siberia, Canadian firms have often the advantage over their competitors in the United States. Japanese competition can only be considered serious in the case of a few lines, since, as mentioned above, Japanese goods have a poor reputation for quality throughout Siberia. Great Britain is largely interested in

developing trade with Siberia in goods which Canada does not export. Swedish manufacturers have done a large business with Siberia in dairy appliances, oil engines and saw milling machinery, and the competition will have to be met as soon as communication with the Baltic is once more established.

AGRICULTURAL REQUIREMENTS.

Agricultural machines and implements comprise the most important branch of trade with Siberia in which Canada is interested. Canadian harvesting machinery has been sold in Siberia for several years and enjoys a good reputation. The requirements of the market are very large, and the Commission hopes that Canadian manufacturers may be able to secure their share of the trade.

The following is a list of the machines and implements estimated by the authorities as the minimum requirements of Siberia for the season of 1919:—

Mowers	20,000
Horse rakes	20,000
Self rake reapers	12,000
Binders	4,000
Lobogreikas	12,000
Reaping attachments	8,000
Emery grinders	12,000
Binder twine	150,000 bags
Spare parts	\$ 500,000
Ploughs of the John Deere type with three wheels and a seat	10,000
Weighing platforms	2,000

Information has been gathered and is available giving in detail the machines and material required for completing and repairing the agricultural inventory of Siberia for the year 1919. Particulars are given regarding quantities and kinds of machines and materials required, and these details are recommended to the careful consideration of the Canadian manufacturers of such goods.

The Canadian Economic Commission, since taking up its duties in Siberia, have devoted considerable attention to promoting the sale of Canadian agricultural machines. The results of the negotiations which were carried on have been reported confidentially to the Department of Trade and Commerce, Ottawa, and to the Canadian manufacturers interested. It is hoped that these manufacturers will make suitable arrangements for representation so as to be in a better position to cater for a share of the business which will be offering for the season of 1920. Suitable representation and the keeping of an adequate stock of spare parts, are considered to be the most important points to be observed by Canadian manufacturers, if they wish to build up a permanent trade with Siberia in agricultural machines.

MARKETING AND PACKING GOODS.

It is important for Canadian manufacturers to mark their products "Made in Canada" if possible in the Russian language, in order to bring Canada prominently to the notice of Siberian consumers. Goods for Siberia should also be securely packed to withstand rough handling on the railway and carriage into interior points off the railway. In this respect the regulations regarding packing can be safely followed which apply to other export markets where transport conditions are similar.

ACCESS TO SIBERIA.

It must be remembered that in normal times the foreign trade exchanges of Western and Central Siberia were conducted by way of the West, i.e., European land frontier, the Baltic ports, the White Sea, through Archangel, and to a certain extent through Black Sea ports. Eastern Siberia was dependent upon Vladivostok and the Amur river. The war, and subsequently the Bolshevik movement, has cut off Siberia from access to foreign countries through the Baltic and Black Sea ports, so that the whole country has become dependent upon Vladivostok at present.

In point of distance Western Siberia is closer to the ports of the Baltic and Black Seas than to Vladivostok. This is illustrated by a table which is to be found in the report of the Sub-Committee on Transportation.¹ When conditions again become settled, it may be expected therefore that foreign goods will only be imported through Vladivostok for the territory east of the Yenisei river.

Mention should also be made of the all-water route into Central Siberia from the north by way of the Kara sea and the Yenisei river, which possesses certain possibilities. The conditions governing the utilization of this route were fully outlined in a report published in the *Weekly Bulletin*, No. 680, of the Department of Trade and Commerce.

TRADING FACILITIES.

Before the war the trade of Western Siberia was largely controlled from Moscow, which was the chief distributing centre for the greater part of Russia. Firms in Western and Central Siberia purchased their requirements of foreign goods largely through the medium of Moscow houses. The trade of Eastern Siberia, on the other hand, was for the most part in the hands of a few large firms with headquarters at Vladivostok and branches at local centres. Since the outbreak of the war the leading merchant houses of Western Siberia have found it necessary in their interests to open purchasing and forwarding agencies at the port of Vladivostok. There has also been a great increase in the number of independent trade organizations. Seven foreign banking institutions, including the Royal Bank of Canada, have established branches at Vladivostok. These branches of foreign banks should greatly facilitate trade operations with Siberia. A special sub-committee of the Canadian Economic Commission is preparing a business register, giving the names of leading private firms, official buying organizations, unions of co-operative societies and the banks doing business in Siberia. This list will be available for the confidential use of Canadian manufacturers and exporters.

THE CO-OPERATIVE MOVEMENT.

The rapid growth of the co-operative movement in recent years has made the co-operative societies the chief medium for the distribution of goods to the peasants of Siberia. The leading unions of co-operative societies have offices in Vladivostok.

The co-operative societies in Siberia are of three kinds: (1) Consumers' Societies; (2) Credit Associations; and (3) Producers' Co-operatives. The All-Russian Union of Consumers' Societies ("Centrosouz") and the Union of Siberian Co-operative Unions ("Zakoopsbyt") are examples of unions of societies of the first kind; the Union of Siberian Credit Unions ("Syncreds soyooz") of the second, and the Siberian Union of Butter-making Associations is an example of a union of societies of the third kind. The individual societies are grouped into unions covering a whole district, and these unions into a union of unions covering the whole country. Statistics and particulars illustrating the growth and extent of the co-operative movement have been given in reports of Canadian Trade Commissioners submitted to the Department of Trade and Commerce.

The co-operative unions may be said to embrace practically the whole of the peasantry of Siberia. The development of co-operation is modifying profoundly the conditions of life and the business habits of the peasantry in a modern progressive sense. The Russian peasant, both by temperament and habit, responds naturally to co-operative effort. The co-operative unions must therefore be considered the most important of the prospective purchasers of Canadian goods in Siberia.

The co-operative movement has its own central financial institution, known as the Moscow Narodni (People's) Bank. The principal shareholders and clients of the bank are the co-operative unions and societies, whose financial requirements are

¹ Page 23.

supervised and met by the bank. The co-operative unions also act as collectors of Siberian produce for the home and foreign markets, the financing of which is handled through the Moscow People's Bank.

OTHER DISTRIBUTING AGENCIES.

In addition to the co-operative societies, the Provincial Zemstvos, which are local Government bodies, undertake the distribution of agricultural machinery and other articles among the peasants. They take a leading part in encouraging a higher standard of agriculture. Among the semi-official distributing organizations, special mention must be made of the agricultural depots and stores of the Colonization Department. In 1913 there were 300 depots being operated by this department, of which 220 depots were located in Western Siberia. The total sales effected by the depots in that year were valued at 7,500,000 roubles, while the value of the agricultural implements, imported into Siberia for the use of the depots, amounted to 8,400,000 roubles.

SCOPE FOR PRIVATE FIRMS.

In spite of the activities of co-operative and official organizations, there is still a wide field left for the legitimate enterprise of private firms, distributing goods in Siberia and collecting produce for export abroad. These firms must continue to be the chief medium for the distribution of supplies among the population of the towns.

THE PRINCIPLE OF BARTER.

For some time to come the principle of barter must be an important factor in the trade with Siberia. The development of the co-operative movement has rendered this procedure both practicable and less open to objection. Trade operations will undoubtedly be facilitated if the foreign seller is prepared to accept Siberian produce in payment for his goods. This practice was followed in certain parts of Russia by German houses, who opened debit and credit accounts with the peasants.

The chief exportable products of Siberia are butter, hides and skins, flax, wool, cheese, bacon, grain, furs, lumber, minerals and fish products.

THE TOWNS OF SIBERIA.

Siberia is well supplied with marketing centres for the purchase and distribution of goods. The chief towns of Western Siberia are situated at points where the railway crosses the principal rivers. The development of the country has depended largely upon this means of communication. The rivers of Western Siberia, which flow north and south, provide also cheap communication for thousands of miles by river steamers of large size. Settlement is chiefly confined to the banks of the rivers, and to districts served by the railway.

The leading commercial centre of Western Siberia is the town of Omsk, situated at the point where the railway crosses the Irtish river. Communication by river is available for hundreds of miles north and south of Omsk. This town was the second largest centre in Russia for the distribution of agricultural machinery, the value of the turnover in a good year amounting to \$10,000,000.

The following is a list of the principal towns of Western Siberia the figures in brackets giving the approximate pre-war population:—

Western Siberia.

Cheliabinsk	65,000
Tiumen	40,000
Tobolsk	20,000
Kurgan	40,000
Petropavlovsk	40,000

Western Siberia.—Continued.

Kainsk	20,000
Omsk	200,000
Tomsk	50,000
Novo-Nicolaevsk	65,000
Barnaul	50,000
Biisk	40,000
Semipalatinsk	50,000

Central Siberia.

Krasnoyarsk	70,000
Minusinsk	25,000
Irkutsk	125,000

Eastern Siberia.

Chita	65,000
Blagovyschensk	70,000
Khabarovsk	65,000
Vladivostok	200,000
Nikolayevsk-on-Amur	30,000
Harbin	120,000

With the exceptions of Tobolsk and Tomsk, all of the above towns are important distributing centres for agricultural machinery and implements.

The chief commercial centre of Central Siberia is Krasnoyarsk, situated at the railway crossing of the Yenisei river. Minusinsk, 285 miles south of Krasnoyarsk, is the centre of a fertile district. Irkutsk is the centre of the Lake Baikal and Lena river mining districts, and the point of supply for the Lena river valley. Irkutsk has been an important administrative and railway centre, but cannot be considered a large commercial centre.

The chief points for the distribution of goods in Eastern Siberia are the towns of Chita, Blagovyschensk, Khabarovsk, Vladivostok and Nikolayevsk-on-Amur.

Chita is the centre of the agricultural area of Trans-Baikalia.

Blagovyschensk is situated on the Amur river in the centre of the Zeya-Boureya plain, which is the most important agricultural district in Eastern Siberia. Numerous placer mines are also located along this valley, and the forest wealth of this region offers attractive openings.

Khabarovsk is situated at the junction of the Amur and Ussuri rivers, and is the chief administrative centre of the Russian Far East. Khabarovsk is important in connection with the future development of the timber industry of Eastern Siberia, and is the chief point of supply for the lower Ussuri valley.

Vladivostok is Russia's gateway on the Pacific ocean, and has developed during the war into a distributing centre of great commercial importance. As a distributing centre for agricultural machinery, Vladivostok is relatively unimportant, serving only a small district in the upper Ussuri valley.

North of Vladivostok and nearly parallel with the Canadian port of Prince Rupert, is situated the town of Nikolayevsk, at the mouth of the Amur river. Extensive dredging operations have been carried on to permit vessels, drawing 17 feet, to proceed up the river as far as Nikolayevsk. More attention is being directed to this port as business develops on the river, which is navigable for fair-sized steamers a distance of over 1,500 miles. Nikolayevsk-on-Amur is an important lumber and fishing centre, being the headquarters for the salmon canning industry at the mouth of the Amur river.

Harbin is the most important point of distribution for Southern Manchuria. The town is connected by rail with Vladivostok, and also with the port of Dairen and the Japanese and Chinese railway systems in Southern Manchuria. Harbin is an important centre, large flour mills and soya bean crushing plants being located at this point. The Sungari river, a large navigable tributary of the Amur, connects the town of Harbin with the sea.

MUNICIPAL UNDERTAKINGS.

The installation and improvement of electric light plants, telephone systems, waterworks, sewerage, fire-fighting apparatus, roads and tramways in the towns of Siberia will lead to a demand for a large amount of machinery and equipment, a portion of which should be supplied from Canada. Siberian towns are behind Canadian cities in respect to such civic undertakings, but the future should bring a great advance along the lines indicated. The only street railway at present being operated is the municipal tramway of Vladivostok.

Before the war plans had been drawn up for the construction of electric street railways at Omsk, Tomsk, Irkutsk and Harbin, where the need is great. These plans should be put into execution as soon as conditions become settled once more. Practically all of the existing electric light and telephone systems require extension and repair, while all the larger towns need the installation of up-to-date waterworks and sewerage systems.

There has been very little building of any kind undertaken in Siberia since the outbreak of the war, while on the other hand the population of all the towns has greatly increased, so that building operations should commence with the restoration of normal conditions.

The subjoined list illustrates the character and range of articles in demand in Siberia which can be supplied from Canada.

Agricultural.

Scythes.	Sickles.
Ploughs—sulky and walking.	Chains (wagon).
Harrows.	Wagons.
Drills.	Emery grinders.
Seeders.	Cream separators.
Cultivators.	Dairy appliances and utensils.
Rakes.	Seeds (vegetable, garden, feed, wheat, rye and other grains).
Mowers.	Threshers.
Hay presses.	Tractors (15 to 30-h.-p.).
Binders.	Oil engines (4 to 16-h.-p.).
Binder twine.	Portable steam engines.
Reapers.	
Grain grinders.	

Hardware Tools and Machinery (other than agricultural).

Wire.	Pumps of all kinds.
Wire nails.	Steam pumps.
Screws.	Electrically driven pumps.
Locks.	Safes.
Hinges.	Tubes.
Bolts and nuts.	Pipes.
Hooks.	Roofing material.
Hinges.	Tiles.
Horseshoes and horseshoe nails.	Ropes.
Harness buckles.	Girders and beams.
Axes.	<i>DYNAMOS.</i>
Hammers.	Electrical apparatus.
Pincers.	Road scrapers.
Awls.	Steam rollers.
Rivets.	Fire fighting apparatus.
Screw drivers.	Portable houses.
Jacks, lifting.	Saw-milling machinery.
Chisels.	Logging equipment.
Files.	Woodworking machines.
Saws, fret saws, frame saws and cross-cut saws.	Flour milling machinery.
Carpenter's tools.	Unit flour mill outfits.
Blacksmith's tools.	Paper making machinery.
Cobbler's tools and supplies.	Mining machinery and equipment.
Miner's picks.	Boot factory equipment.
Shovels, miner's and others.	Textile machinery.
Spades.	Knitting machinery.
Garden hoes.	Wood distilling plants.
Garden rakes.	Machine tools.
Garden forks.	General factory equipment.

Household Utensils.

Enamelled ware.	Electric light fittings.
Tinware.	Steel forks and knives.
Pails.	Spoons.
Basins.	Chinaware.
Boilers.	Kitchen utensils.
Radiators and connections.	Fire extinguishers.
Valves.	Glassware.
Burners.	Candles.
Lamps and lanterns.	Combs.
Heating stoves, coal or wood and oil.	Shoe polish.
Ranges.	Polishes.
Primus stoves.	Sanitary earthenware.
Camp stoves.	Enamelled ironware.
Hot water heaters.	Disinfectants.
Bedsteads.	

Clothing Articles, etc.

Boots and shoes.	Knitted shawls.
Coats and trousers ready-made.	Woven shawls.
Hats and caps.	Sweaters.
Cotton goods.	Overcoats.
Gloves, all kinds, winter and summer	Thread—cotton and woollen.
Underwear, men's and women's.	Blankets.
Rough dress material.	Needles and pins.
Socks and stockings.	Laces.

Foodstuffs.

Canned fruits (including canned gallon apples).	Canned meats.
Canned vegetables.	Condensed milk.
Dried and evaporated fruits.	Package groceries.
Dried and evaporated vegetables, mixed potatoes.	Macaroni.
	Table salt.
	Proprietary articles, sauces, etc.

Miscellaneous.

1 paper, newsprint, wrapping, office and book.	Pharmaceutical preparations.
Paper bags.	Drugs—all kinds.
Office stationery.	Dyes.
Office sundries.	Railway supplies—all kinds.
Heavy chemicals.	

APPENDIX C.

AGRICULTURAL CONDITIONS AND THE CO-OPERATIVES OF SIBERIA.

BY LOUIS KON, SECRETARY CANADIAN ECONOMIC COMMISSION (SIBERIA).

While private enterprises during the war were experiencing the greatest difficulties, reducing production and in certain branches approaching the precipice, co-operatives were thriving and growing larger and stronger.

This is true in equal measure of the urban and rural co-operative movement, and in regard to the credit co-operatives and the co-operatives of producers and consumers.

Up to the time of the outbreak of the war the co-operatives were not looked upon favourably by the Government. The latter had seen in them a force inimical to the bureaucratic system, and therefore it was hampering their development by all available means.

The war brought about very marked changes. The gigantic work undertaken by the co-operatives in supplying the army with the required necessities, called for the co-operation of all the creative minds of the country.

The Government, recognizing that such a step was necessary, had drawn in the co-operatives. At the very beginning of the war it accorded to the co-operatives a large contract for foodstuffs and food for the army, and ever since the contracts for supplies were increasing.

The co-operatives were confronted during the war with vast and complicated problems which demanded on their part a great deal of resourcefulness and hard work to meet the new conditions.

Single co-operatives, owing to the lack of experienced leadership, were not able any longer to conduct their operations. There was found a need of mutual assistance on the part of the various co-operatives in similar fields of activities both to carry on the work and to attract able and experienced personnel. This led to the introduction of the co-operative unions, first in limited districts, then in the whole Gubernias (provinces), and finally the whole of Siberia.

The Government, realizing the necessity of these unions to fulfil the orders entrusted to the co-operatives, did not interfere and were reconciled to this movement.

The revolution and the transfer of the power into the hands of the democratic element has entirely freed the co-operatives from all the old limitations, and gave fresh stimulus to the movement of unionizing them.

In this way, hardly noticeable during the war, in the economic life of the country, the co-operative movement became a strong force which now has to be considered very seriously by private capital and by the State.

A movement which up to a short time ago was hampered by the Government and lacking in a central co-ordinating force, became strongly cemented and developed the only All-Russian centre of all the co-operatives—a council of the co-operatives—the purpose of which is to serve the many needs of the various co-operatives and to defend them from any attack on the part of the Central Government.

CO-OPERATION IN SIBERIA.

Siberia followed the co-operative movement later than European Russia. A considerable time before the war it had organized certain co-operative organizations which could not be found in European Russia or elsewhere. The first important co-operative union in Siberia is the "Union of the Siberian Buttermaking Artels," which began its existence in 1908; later on, during the war, the co-operatives of consumers were organized into a union, and finally the union of the Siberian credit unions

The field of activities of these unions stretches out from the Pacific to the Urals. From the industrial point of view, this territory can be divided into two quite different parts: Western, from the Urals to Yeniseisk Gobernia (province of Tobolsk, Tomsk and partly Yeniseisk and the Akmolinsk and Semipalatinsk districts); and eastern, from the Yeniseisk Gobernia east, including the Amur district (provinces—part of Eusseysk, Irkutsk and Yakutsk, and Transbaikal, Amur and Maritime districts).

The eastern part is poorly populated. Of the 12,317,600 total population (1912) of Siberia, its share is only 2,882,900, or 23.4 per cent; the chief occupation of the whole Siberian population is agriculture, which in Eastern Siberia is not very well developed. In 1914 its cultivated area was 1,489,600 desiateens,* or 16.3 per cent; its yield of cereals of all kinds, 90,300,000 poods, or 14.3 per cent of the total Siberian harvest. Stock-raising is also poorly developed in the East. On the whole, Eastern Siberia does not produce enough for its own needs; it has to import farm produce from the West, Manchuria or Mongolia.

Of other industries flour mills, coal and gold mining are the most important. The eastern part of Siberia is very rich in various mineral deposits, but the lack of population prevents the establishment and exploitation of mining and other industries.

The main export articles are gold, fish, hides, skins and wool, although the three last-named articles are not purely local, as part of them come from Mongolia through Irkutsk Gobernai and the Transbaikal district.

The very rich timber resources are practically untouched, even as far as the export into the interior of the country is concerned.

On the whole, development of the eastern part of Siberia may be expected only if an aggressive immigration policy was to be followed.

Due to the lack of development of industrial life, the population has to rely on imports.

The co-operative movement in the east of Siberia is comparatively new, and follows mainly the credit and commission agents' operations.

The economic life of Western Siberia, however, presents an entirely different picture. Its colonization dates many years back, and was greatly enlarged after the revolution of 1905 and 1906. From 1906 to 1913 the four western provinces and districts received about 2,000,000 colonists.

According to the Central Statistical Committee, from 1907 to 1912 the population of Siberia was increasing annually by 6.2 per cent, which is the largest increase for any part of the Russian Empire; before the war there were districts in Siberia where the population per square mile was 14 to 15 people.

INCREASE OF GRAIN GROWING.

The increase of population, which was mostly agricultural, has developed of course that very important industry, which can be proven by the following statistics available for the Tobolsk and Tomsk Gobernias and Akmolinsk and Semipalatinsk districts:—

	Desiateens.		Increase.	
	All Grains.	Wheat.	All Grains.	Wheat.
1901-1905...	2,997,900	1,328,500	100 per cent.	100 per cent.
1906-1910...	3,849,600	1,831,700	120 "	138 "
1911-1914...	5,915,200	3,231,000	198 "	243 "

In fourteen years the development of grain-growing, on account of the amount of land available and employment of all members of the peasant's family in that particular occupation, caused great over-production. In 1913, which was just an average year as far as yield was concerned, in Tobolsk and Tomsk Gobernias and the district of Akmolinsk, the surplus of grains represented 67,300,000 poods, and in 1914

* 1 desiateen = 2.7 acres.

it increased to 218,000,000 poods, of which 67,000,000 was produced in the Akmolinsk district alone.

In 1913 from the three above-mentioned parts of Siberia there was shipped:—

	Poods.	Per cent.
To Western Europe	12,605,100	31.7
“ European Russia	14,837,900	36.1
“ Eastern Siberia	12,749,700	32.2
A total of	39,682,700	100

The tariff question, the great stocks in hand in European Russia, and the great distance from Western Europe, all were against larger exports, and the above figures represent just 50 per cent of the exportable cereals from Western Siberia. Of course it caused a considerable drop in price. Owing to the supply of cheap labour, even with the low prices the areas under cultivation were growing, although it was reflecting badly on the progress of system and methods of agriculture.

The lack of organized grain markets and the lack of credit and elevators made the situation worse still. All this forced the Siberian grain grower to dump his product on the market in the period of the lowest prices in the fall, which made him absolutely dependent on the trader and the grain buyer.

Up to 1910 no measures were taken by the Government to accord relief to the peasants of Siberia from the point of view of agriculture, but when the existing conditions began to interfere with and hamper the colonization of Siberia, in which the Government was politically interested, measures were taken in the matter of change of tariffs, restrictions on Manchurian imports, improvements in transportation facilities, etc.

ESTABLISHMENT OF BUTTER INDUSTRY.

Even before that, in the most developed parts of Siberia, the population began to search for ways out of this difficult situation, and it led to the establishment of the butter industry.

Twenty poods of milk giving on an average one pood of export butter, were equivalent to 15.6 poods of wheat before the war. Freight on that amount of wheat was 51.60 kopecks per pood, or roubles 7.96 for 15.6 poods, whereas the freight on butter by fast freight amounted to roubles 1.06 per pood. The freight tariff for butter was seven and a half times lower than that for wheat, the main produce of the country; therefore not wheat but butter became the chief export article from Western Siberia.

Taking the 1913 exports from the Gubernias of Tobolsk and Tomsk and the Akmolinsk district, in the market value there was exported grain for roubles 16,103,900 and butter for roubles 43,686,800. It is also to be noticed that, according to the distance of the export market from a given district in Siberia, the proportion of exported grain or butter is increasing or decreasing.

The comparative total exports to Western Europe in 1913 were:—

	Grain.	Butter.
Tobolsk Gubernia	39.9 per cent.	14.2 per cent.
Akmolinsk District	44.0 “	26.7 “
Tomsk Gubernia	16.1 “	59.1 “

Although butter-making is probably the most important industry of Siberia, it grew to such proportions not because it is the most profitable kind of agriculture to follow on the part of the Siberian peasant, but through the sheer abnormal economic conditions.

The following statistics of the railway may show the growth of butter-making in Siberia:—

In 1901 there were exported from Siberia, 2,647,000 poods.
“ 1913 “ “ “ 6,004,000 “

This growth is particularly marked in certain districts, as, for instance, from Altai through Novo-Nicolaevsk in 1900 there were exported 978,000 poods and in 1913, 2,038,000 poods.

Almost 95.3 per cent of all the Siberian butter finds its way to Western European markets. In 1913 Siberia supplied 4,482,000 poods of butter of the 18,644,000 poods imported, which represents 23 per cent as the share of Siberia in total butter imports of the Western European markets, whereas Denmark in the same year exported 6,241,000 poods or 33 per cent of the world's export. It shows the possibilities lying ahead of the development of that industry in Siberia considering its area.

COLD STORAGE.

With the institution of a proper system of cold storage warehouses, ice supply depots and refrigerator railway cars, there is no doubt that the butter-making industry will grow very considerably. The lack of the latter facilities was an unceasing complaint of butter producers and exporters. Before the introduction on the Siberian Railway of refrigerator cars, the butter export equalled 160,000 poods (in 1898); in 1899, when fifty refrigerating cars were put into commission, it increased at once to 309,000 poods, and it was increasing in measure as the number of refrigerating cars was increasing. In 1907, ten years later, when the number of such cars was 1,920, the butter export increased to 3,410,800 poods.

The butter-making industry is developed mainly in the Tomsk and Tobolsk Gobernias. In Akmolinsk and Semipalatinsk districts beef cattle, sheep and hog raising is the main industry, this owing to the nomadic inclinations of the population.

STOCK-RAISING.

Notwithstanding the very extensive pastures in those regions, and that the only occupation of the population is stock-raising, the number of heads of the animals is comparatively very small.

In 1913, per 100 of the population there were:—

	Live Stock.	Sheep.	Hogs.
In Akmolinsk District..	90.5	128.7	4.7
" Semipalatinsk District..	87.8	252.6	2.2

There was absolutely nothing done in Siberia in regard to encouragement of packing industries, and no meat transporting facilities were provided by the railway except the ordinary freight cars, which could be used only during the three or four winter months, from November to February; this, of course, was discouraging stock-raising, leaving this industry quite stationary.

From 1900 to 1913 the increase of meat transport was from 2,727,600 poods to 2,988,100 poods.

The possibilities of the development of stock-raising may be gathered from the amount of live stock per square verst up to the time of the war in the regions best adapted for stock-raising:—

	Live Stock.	Sheep.	Hogs.
Akmolinsk District..	1.8	3.1	0.9
Semipalatinsk District..	1.5	5.2	0.04

Besides, there has also to be taken into consideration the very light weight of Siberian animals owing to the absence of modern breeding methods in stock-raising. The animals are very light and inferior.

POULTRY AND EGGS.

Poultry raising and egg export is suffering in the same measure owing to the lack of proper transportation facilities.

In 1913 the whole of Russia exported poultry and eggs to the extent of 90,000,000 roubles or by 19,500,000 roubles more than butter, but Siberia's share in it was very insignificant. The total export of eggs from Siberia from 1900 to 1909 increased from 118,000 to 263,000 poods; in 1912 it decreased to 202,000 poods. At the same time the import of eggs to Siberia from China was steadily growing, 11,500,000 eggs were imported in 1909 and 68,900,000 in 1913.

Such was the situation of agriculture in Western Siberia up to the time of the war.

Just prior to the war the problems of primary importance for Siberian agriculture were the finding of new markets and improvement of transportation facilities to reach more conveniently the existing ones.

SIBERIAN WHEAT EXPORTS.

Western Europe was the main export market for the Siberian agricultural industry. Just the same as the rest of Russia, the war shut her off from reaching those markets; the only possible way is by the White sea, Atlantic and Pacific oceans were not organized properly, and hundreds of millions of poods of cereals were remaining at home since 1915.

Table of Exports of Grain—Total value per pood.

1914.	377,500,000 poods.	294,800,000 rs.	0.93 rs, per pood.
1915.	12,600,000 "	23,400,000 "	1.86 " "
1916.	14,100,000 "	37,200,000 "	2.63 " "

Notwithstanding that the value of grain per pood increased three times, the export in the third year of the war represented only 4 per cent of the exports in the last year before the war.

Such a situation was caused not only by the shutting off of the markets on account of the war, but also owing to the use of the railways for military requirements.

The crops in Siberia in 1914 were very bountiful. In the fall of that year prices dropped very considerably; it was possible to buy any amount of wheat, even through the grain brokers, at 50 kopeks per pood. At points where the sellers were the grain growers themselves, and the buyers were small local merchants, the conditions were worse still. There were instances where peasants were exchanging two poods of wheat for a pound of sugar.

EFFECTS OF THE WAR ON EXPORTS.

Russia did not export the usual amount of cereals in the fall of 1914—an average of 725,000,000 poods for the period of 1909-1913, as the harvest of that year was short by 689,000,000 poods of breadstuffs and 229,800 poods of oats as compared with 1913. This opened up the Russian market for the Siberian cereals. Since January, 1913, the Ministry of Supplies, Zemstvos, cities and individual buyers from Russia were purchasing in Siberia very heavily. By that time the railway facilities also greatly improved, but as this caused increase in price of the breadstuffs to 80 kopeks per pood, it was followed by a refusal to ship the grain and the setting of price which never was in proportion to the cost of production, as the other branches of economic life upon which agriculture is contingent were not organized or regulated; besides in 1915 and 1916 crops were short in Siberia and exhausted the stocks of previous years.

BUTTER TRADE.

Butter-making was in similar and probably worse conditions. Although the export markets for Siberian butter were not quite cut off, they were smaller, and the product had to be shipped by new and hitherto unknown routes like Archangel. Owing to the disrupted transportation facilities, a large quantity of Siberian butter was frequently stopped and temporarily lost in transit, not seldom being threatened to be sold by auction. All these mentioned causes, together with disorganized facilities and

uncertainty of the future, stopped the purchasing of butter on the part of the butter exporters. The banks refused to give credit on butter, which was followed by the drop of the butter price to 5 to 7 roubles per pood, and the entire stoppage of production on the part of some artels.

This, however, did not last long. In September, thanks to advances given by the Government Bank to the extent of two-thirds of the value of butter, which was followed by considerable purchases for the army and by the foreign exporters, the price went up to roubles 11.50 per pood, and as steps were taken to export the accumulated butter, the prices were increasing. In October, despite the requisition of butter by the Government, the Dutch and English firms were still exporting it up to the fall of 1915, when it was finally stopped by the Government. The Government was taking possession of all the butter at prices fixed at certain intervals. At the same time it was prohibited to ship butter to European Russia.

PRICE FIXATION AND ITS RESULTS.

Although the prices set by the Government were not low as compared with the cost of production, they differed greatly from prices prevailing not only in consuming parts of Russia like Moscow, Petrograd, etc., but even in the producing parts like Vologda, Jaroslav, etc. While in Petrograd butter was selling at 120 to 160 roubles per pood, in Siberia it had to be delivered to the Ministry of Supplies at 20 to 30 roubles per pood. Gross speculation of course developed, and butter was purchased by speculators at 10 to 20 roubles higher than the price set by the Government direct from the peasants, and it was hauled by trams hundreds of versts to railway stations wherefrom shipments were made without any difficulty. This of course caused demoralization in many artels. Many peasants not able to produce butter without the aid of the artel, began to purchase separators and were selling their own made butter to the speculators. The butter-making through artels was still more demoralized through the introduction of cheese-making. The prices for cheese were not set by the Government, and of course they began to soar. It proved to be more profitable to make cheese than butter, and cheese factories were able to offer to the peasants higher prices for milk than the butter-making artels.

ECONOMIC LIFE UNDERMINED.

The drafting into the army of many young men from the productive occupations in Siberia still more undermined the economic life of the country. The lack of equipment, progressive methods and organization, resulted in great decrease of acreage, number of stock and production of milk; notwithstanding all this the savings of the population greatly increased.

It would be wrong to assume that because the deposits in short loan associations and savings banks increased, the general economic status of the country improved. Prohibition had a great deal to do with it, also the sale of movable and immovable estates. The depositing of capital realized through the latter means in the above-mentioned organizations is not, however, a saving or a produced wealth.

NEED OF ECONOMIC REORGANIZATION.

On the whole Siberia finds herself in a very precarious condition. She lost her export connections both among the allies, neutrals and her enemies; buildings and machinery require a great deal of improvements and repairs; lack of experienced labour is considerable through so many killed and incapacitated. All this will call for wider introduction of machinery and mechanical devices where heretofore cheap labour was employed, and finding of new export and import fields. A need for reorganization and introduction of progressive methods in agriculture is inevitable; a number of trained agricultural instructors in all its branches is badly required.

Establishment of a system of grain elevators and proper marketing of grain for handling of cereals, both for home consumption and for export, is wanted, and above all proper organization of railways, harbour facilities and exploitation of water routes.

THE NEED FOR NEW METHODS.

It is proven by figures that owing to the economies following on the introduction of modern machinery, methods of handling and marketing grain and business organization in Canada, Australia and Argentine, the position of Russia, not so long ago the main exporter of wheat, was being seriously menaced. In the period 1896 to 1900 the average yearly export of wheat from the above-mentioned three countries was by 90,300,000 poods less than from Russia. From 1906 to 1910, however, Canada, Australia and Argentine exported 86,300,000 poods more than Russia.

FIELD FOR CO-OPERATIVE ACTIVITIES.

The leaders of the co-operative movement, who are, in many cases, the leaders of or closely connected with Zemstvos, realize why we are in a position to outdistance them. They realize how badly they need grain elevators, cold storage, experimental farms, information bureaus, staffs of properly trained agricultural instructors, etc., and they feel that to bring their agricultural and general life to a higher level they have to follow our methods. There is no doubt that this work will have to be done in Siberia rather by the joint efforts of the Zemstvos and co-operatives with Government assistance than by the Government itself, which will have too many intricate political and social problems to contend with, leaving the organization of the economic life to the above-mentioned bodies.

They will undoubtedly introduce, and probably soon, all the improvements necessary for a proper system of agriculture, and those who will assist them in that direction will benefit commercially from development of friendly relations.

The co-operatives in Siberia just now have entered, and successfully, the following fields of economic life; the marketing of farm produce, the manufacturing and importing of the requirements of rural and partly urban population, and credits. Their fields of manufacturing cover flour mills, tanneries, creameries, soap, shoe, clothing, cord and twine factories, printing plants, etc.

The co-operatives in Siberia are lacking in experienced business men to conduct the intricate manipulation of exporting to the international markets as well as in experts in many lines.

The leaders of the co-operative movement are agreed that they have to adopt the following plan, to survive the difficulties facing them in the present and near future.

The marketing of agricultural and manufactured products is to be carried out by one central co-operative union, which will be in a position to attract expert and able men. To accomplish this local unions of co-operatives are abandoning the present system of marketing, and are attending to the collecting of the produce from the peasants only, the marketing being in the hands of the union of unions.

The imports are also to be looked after by one central organization. At present every credit co-operative union looks after purchasing goods for its own needs. It causes great economic waste in the matter of transactions and develops competition among the various unions. This it is also planned to have attended to by the union of unions.

These two fields of operation are to be vested in the union of unions of the co-operative associations. The arranging of credits and financing is to be excluded from the operations of the union of unions.

The greatly enlarged activities of the credit co-operatives demanded large funds. This is very noticeable both in the co-operatives of consumers and producers. The

co-operatives were always lacking in funds; this was met by seeking loans from without, either through private banks or soliciting deposits of private capital on the part of the people who were not members of the co-operatives.

There was no co-ordination in these efforts, with the result that capital was being attracted in insufficient amounts and on unfavourable terms. To ensure credit with banks on suitable conditions, it was necessary to have stable relations on the part of the co-operatives with the money markets; to make again use of the available funds of the co-operatives it was necessary to have a co-operative credit centre. For both these operations a strong co-operative organization became imperative.

Moscow People's Bank.

The Moscow Narodny (People's) Bank, although a young institution, has already accomplished a great deal. All the co-operatives rallied to the aid of this bank. It was able to attract a large volume of capital, but it is not yet in a position to meet all the requirements of the co-operatives.

Some idea of the activities of the most important unions of co-operatives in Siberia which are being co-ordinated by the All-Russian Central Union of Co-operatives may be gathered from the following statements:—

Union of Siberian Creamery Associations.

The Union of Siberian Creamery Associations on October 1, 1917, counted 1,410 creamery associations and 1,167 stores as its members. Its activities are extended mostly to Western Siberia, and its headquarters are at Koorgan (Gubernia of Tobolsk).

The Co-operative Creameries began their activities in 1900. Before that the production of butter was concentrated in private hands. About 60 per cent of the total Siberian butter production is now in the hands of the members of the union.

In 1894, 400 poods* of butter were exported; in 1913 over 4,420,000 poods; 1914, 3,285,000; 1915, 4,612,000; 1916, 3,174,000; and 1917, 3,520,000 poods. In 1918 there was no butter exported at all.

Of the above figures the following percentage was handled by the co-operatives: 1913-14, 2 per cent; 1914, 20.6 per cent; 1915, 28.2 per cent; 1916, 92.7 per cent; and 1917, 71.4 per cent.

The turnover of the union increased from Rs. 2,380,000 in 1907 to Rs. 160,000,000 in 1917. The Union of Siberian Creamery Associations has some thirty offices through Siberia and also in Moscow, Samarkand, Vladivostock, and London, England.

They have besides creameries, rope and soap factories, a farm machinery repair works, two printing plants and several steam flour mills.

They publish two periodicals and several newspapers, conduct courses for instructors in buttermaking, book- and store-keeping.

The total turnover of the Union of Creamery Associations during the year 1918 (up to September 1) amounted to over Rs. 200,000,000.

Assets.

1. Cash amount account negotiable papers.	Rs. 16,869,979.32
2. Promissory notes.	6,253,518.23
3. Property.	1,735,198.52
4. Butter, cheese and other product goods.	27,770,686.61
5. Accounts of the Credit Union.	45,714,016.33
6. Debtors.	49,786,010.45
7. Expenses and administration.	7,045,571.04
	Rs. 155,174,980.50

* 1 pood = 36.1127 avoirdupois pounds.

Liabilities.

1. Capital of the Union	Rs.	4,104,550.94
2. Promissory notes		2,432,368.21
3. Accounts of the Credit Union		32,551,813.03
4. Creditors		97,417,733.11
5.		18,614,510.21
	Rs.	155,174,980.50

“Zakoopsbyt”; or the Union of Siberian Consumers’ Unions.

“Zakoopsbyt” (the meaning of this composite word is “purchase and sale”) or “The Union of Siberian Co-operative Unions,” combines the co-operative stores of Eastern and Western Siberia and Ural district.

On May 1, 1918, the Union comprised 25 unions, representing 8,262 consumers’ stores with a total capital of over Rs. 7,000,000. On December 1, 1918, it had increased to 9,162 co-operative stores with a total capital of Rs. 20,000,000. The head office of the Union is in Novo-Nikolayevsk, and they have agencies in Petrograd, Moscow, Samarkand, Harbin and Vladivostok.

It commenced its operations on May 20, 1916, on the basis of a company with unlimited liability, for the purpose of making wholesale purchases and sales of merchandise for account of its members.

Now that the “Union of Siberian Co-operative Unions” enjoys confidence on the principal markets and in financial circles, the necessity of an unlimited liability no longer exists, and has ceased.

Besides supplying the unions with purchased merchandise, Zakoopsbyt is in the manufacturing business, and it has quite pretentious plans for the future.

At the present time they have wool-combing, leather, soap, boot, candy factories, flour mills, etc.

The turnover in merchandise of Zakoopsbyt in 1916 amounted to Rs. 3,500,000, in 1917 to 43,000,000, in 1918 up to December 1, to Rs. 141,305,190. The transportation situation is hampering very greatly their activities, and for the past few months they were hardly able to forward to destination more than one-sixth of the required and ordered goods; the same being true of the receipts by them of products from their members.

The figures given above do not include transactions in merchandise effected by the unions themselves independently of Zakoopsbyt, which for the first eight months of 1916 amounted to Rs. 65,000,000.

They publish a periodical called *The Siberia Co-operation*.

“Syncredsoyooz”; or the Union of Siberian Credit Unions.

The headquarters of the Syncredsoyooz, or Union of Siberian Credit Unions, which was organized in 1917, are at Novo-Nikolayevsk. The turnover of the Syncredsoyooz for the year 1918, to December 1, was Rs. 25,918,077, and of the Unions, Rs. 146,459,997, a total of Rs. 172,378,014.

It comprises 28 credit unions, representing around 4,000 loan and saving associations.

Of that number 15 unions, representing 2,500 loan associations, are full partners; the remaining are conducting business with the Syncredsoyooz. It is expected that shortly all of them will become an integral part of the union, negotiations in that direction being under way just now.

The commercial organization of this union has as its aim to help grain producers in securing agricultural implements and promote improvements in the method of agriculture.

They purchase iron, agricultural machinery and implements, parts thereof, vehicles, tractors, threshing outfits, flour and saw-mill machinery, all the necessary oils and chemical products, seeds, twine, typewriters and tools.

They export flax, hemp, wool, hides, calf skins, furs, bristle and horse hair.

Centrosoyuz; or the All-Russian Central Union of Co-operatives.

HISTORICAL REVIEW.

From its foundation until 1907 the All-Russian Central Union of Co-operative Societies was called the Moscow Union of Consumers' Societies.

The constitution was approved on July 16, 1898. Eighteen co-operative societies of different places in Russia were its founders. The first meeting of the representatives of the founders was held at Moscow, October 23-26, 1893.

Until 1906 the union developed its activities very slowly. Up to that time it had unified only 166 co-operative societies of consumers, and its commercial transactions amounted to Rs. 300,000.

After 1906 the development of the Union was very rapid, especially beginning with the year 1912.

PURPOSE OF THE UNION.

The purpose of the Centrosoyuz is to unify all unions of co-operative societies of consumers, large co-operative societies and other co-operative organizations in Russia, to co-ordinate and develop their business and to organize their joint activities, directed to improve the material prosperity of their members.

The fundamental task of Centrosoyuz is social organization of production and also supplying the consumers with all necessary goods directly from first sources.

REGION AND POPULATION.

The activities of the All-Russian Central Union of Co-operative Societies extend all over European Russia, Siberia and the Far East. At the present time, it supplies co-operative organizations with a membership of about 25,000,000. Considering that a proportion of these members are families, and that the goods of the Union are bought not only by members but also by private consumers, it may be surely stated that the region supplied by the Centrosoyuz represents about 75,000,000 of Russia's population.

At the present time the Centrosoyuz serves about 500 district associations, having in all 40,000 of their own stores for distribution of products among the population.

The Centrosoyuz has its own representatives and agencies also in all the most important cities and towns of European and Asiatic Russia and abroad. At the present time it has its own branches in the following cities: (1) Moscow, (2) Helsingfors, (3) Archangel, (4) Murmansk, (5) Petrograd, (6) Odessa, (7) Rostow on the Don (8) Murom, (9) Novgorod, (10) Jekaterinburg, (11) Perm, (12) Ribinsk, (13) Tchistopol, (14) Ufa, (15) Tsaritsin, (16) Saratoff, (17) Jekaterindar; and in Siberia at Omsk, Irkutsk and Vladivostok.

Besides these the Union has its agents and representatives in all of the most important stations of the Siberian railway. It has established its offices in London, Shanghai, New York, Kobe and Harbin, and, in the near future, an office will be opened at San Francisco.

CAPITAL.

At the present time the Centrosoyuz has joint stock amounting to about Rs. 10,000,000, capital stock of about Rs. 5,000,000, over Rs. 20,000,000 in movable property and real estate, particularly in its own industrial establishments, and about Rs. 300,000,000 in floating capital. Turnover amounts to Rs. 900,000,000.

REAL ESTATE.

The "Centrosoyuz" owns about twenty industrial enterprises, and many of its offices are situated in its own premises as, for example, in Moscow, N. Novogorod, Vladivostok and elsewhere.

COMMERCIAL OPERATIONS.

In 1917 the commercial transactions of the "Centrosoyuz" reached the sum of Rs. 250,000,000, while last year, 1918, the sum amounted to Rs. 1,000,000,000. In 1917 the dollar was worth from 6 to 8 Rs.

Considering these figures, the important fact must be borne in mind that, at the beginning of its activities, the "Centrosoyuz" had to depend upon the services of a number of commercial commissioners, and even three years ago a considerable portion of the purchases made by the Union passed through the hands of these commercial agents. But with each new year the Union received more and more goods without their intervention, and in 1917 not less than 60 per cent of all merchandise bought by the Union was received directly through its own purchasing offices and agents. At the present time the Union is very close to the first sources of production, and in the immediate future it will be able to supply the consumer with all necessary goods direct from the manufacturer.

THE UNION'S OWN INDUSTRIAL ENTERPRISES.

At the beginning of 1913 the "Centrosoyuz" started to organize its own industries, and at present it owns about 20 of them, a chemical factory, a candy factory with 500 workers producing 500 to 600 poods daily, a tobacco factory in Tambov Goobernia with 200 workers producing about 500 cases daily, a mill in Yevdakov in Voronyezh Goobernia, producing about 3,000 poods daily, one match factory in Moscow Goobernia with 50 workers producing 50 boxes daily, soap works in Kursk with a capacity of about 4,000 poods daily, a mill in Ribinsk with 300 workers producing about 25,000 poods daily, a mill in Saratov with a capacity of about 12,000 poods daily but actually producing about 5,000 poods daily, brick works in Krynkov, a syrup mill near N. Novogorod with 185 workers and a capacity of 27,828 poods daily; a mechanical shoe factory in Zaray with 509 workers and a capacity of about 50,000 pairs daily, fisheries at Murman and Astrachan, a soap factory in Moscow.

In addition to the above mentioned factories and works, steps have been taken for opening some new mills, canneries for fish and other industries.

In 1917 the total production of Centrosoyuz's industrial enterprises amounted to Rs. 52,000,000, and in 1918 the average monthly production was Rs. 4,320,000. This comparatively low production has to be attributed to the abnormal political conditions and the entire disorganization of transport throughout the country.

In consequence of these abnormal conditions, it was impossible to keep the works plentifully supplied with raw material and to improve them technically as desired.

RESPONSIBILITY.

All operations of the Centrosoyuz are guaranteed not only by all the property of the Union itself, but also by all the united societies to the full limit of their share liabilities without regard to the amount of their paid-up shares.

THE CENTROSOYUZ AND SIBERIA.

Up till the summer of 1918, the Centrosoyuz was a purely Russian organization, i.e., operating in European Russia, with a few purchasing agencies in the most important points of Siberia. There was no co-operative action between the Siberian co-operatives and the Centrosoyuz.

Since then the Centrosoyuz has come into close contact with the co-operatives of Siberia, and is in process of becoming the medium for centralizing their activities.

Hitherto in Siberia the union of "consumers" co-operatives has been the dominant co-operative power, possessing even its own independent connections and foreign markets. Its relations with the All-Russian Central Union since the entry of the latter into Siberia have been regulated by a mutual agreement. "Consumers" co-operatives there have at present a choice of two organizations for the purchase of the goods they need. The fusion of the activities of the two organizations in respect of operations on foreign and internal markets, the founding of industries, etc., under the All-Russian Central Union is the ideal which it is sought to realize.

Further progress towards that end is to be observed in the creation at Omsk by the Central Union of a Siberian headquarters for the control of those activities which are its special province, and of a purchasing and distributing branch at Vladivostok. This step, which in a sense is a departure from the principle of centralization, has been dictated by the following practical considerations. In view of the western, i.e. European situation, it was recognized that Siberia for a long time must look for the supply of her wants in many important respects, to North America, Japan and certain eastern countries, and that the goods imported must be brought in through far eastern ports. Vladivostok was considered to be immeasurably better situated from every point of view than Omsk 4,000 miles inland, for conducting effectively the operations connected with the purchase, the storage and distribution of merchandise.

The Vladivostok branch at the same time is to fulfil the functions of the Central Union in respect of activities of the co-operative unions in Eastern Siberia, east of Irkutsk, which is a region too remote to be effectively managed from Omsk. The economic dependence of Eastern Siberia resting altogether on the Pacific, i.e., the east and not on the west, is an additional reason for reaching that decision.

APPENDIX D.

REPORT OF THE JOINT MEETING HELD WITH THE REPRESENTATIVES OF THE CO-OPERATIVES AT VLADIVOSTOK ON WEDNESDAY, MARCH 5, 1919.

Present: All the members of the Canadian Economic Commission, Siberia, and representatives of the Moscow Narodny Bank (the banking organization of the Co-operatives); "Syncredsoyoz" (Union of Credit Co-operatives); "Zakoopsbyt" Union of Consumers' Co-operatives; Union of Creameries Co-operatives; "Centrosoyuz" (All Russian Union of Co-operative Unions); and the Ekaterinburg Union of Co-operatives.

The representative of the Moscow People's Bank acted as Chairman, and in his introductory remarks he welcomed the Commission and thanked its Chairman and the members for meeting the representatives of all the important Siberian Co-operatives. He expressed his regret that the Manager of the Narodny Bank, Mr. Ivanoff, and Mr. Vachnistroff, member of the Executive of the All-Russian Union of Co-operative Unions, were obliged to leave Vladivostok for Shanghai on very urgent business, and could not participate in the conference. He also expressed regret for the inability of those present to address the Commission in the English language.

The addresses delivered by the representatives of the Bank and Co-operatives can be summed up as follows:—

"The main purpose of our desire to meet the members of the Canadian Economic Commission is to officially inform them of our great desire to develop friendly trade relations between Canada and Siberia.

"We wish to be frank in our statements, as we believe that a Commission representing a country of outstanding business ability and organization like Canada, and being in its purpose an Economic Commission, desires to know the facts; through knowledge of actual facts only can any sound economic relations be developed.

SIBERIA CAN LEARN FROM CANADA.

"We know that there exists a great similarity of geographical, climatic and potential wealth possibilities between your country and ours. We are fully aware that you, for obvious reasons, have already brought your agriculture, industries and commerce to a state of development of which we dream ourselves and for which we strive and hope in years to come to arrive. We are somewhat familiar with the general conditions of Canada and her national life, but are anxious that Canada afford us more opportunities to obtain detailed information about her, and in particular, about the co-operative movement of the farmers, which is, to our knowledge the largest, best organized and most important co-operative effort on the North American continent.

STRENGTH OF CO-OPERATION.

"The co-operative movement in Siberia, which has grown very large and influential during the past three or four years, and embodies the largest part of the population, is destined to play a very prominent part in the economic development of our country. Considering the disposition of the Russian peasant, the desire on his part to have his produce taken care of and to obtain in exchange his requirements on conditions most favourable to him, and considering also his social inclinations, one familiar with his life and habits cannot but admit that the co-operative movement is bound to become stronger and more important with the advent of normal times,

as it fills his needs both in marketing and purchasing. How strong and popular the co-operative movement is can be observed from the fact that the attempts of the Bolsheviks to nationalize and interfere with it were futile, and, while private commercial and industrial enterprises were absolutely disorganized and, in many cases, wiped out, the co-operatives were developing more strongly.

"To get a true idea of the co-operative movement and of the property and produce intrusted to the co-operatives by the peasants, the Commission should visit Central and Western Siberia, points where the Siberian co-operatives have their headquarters and where their activities are at their height. This movement in Eastern Siberia is very young as yet and the population rather small.

DIRECT TRADE WITH CANADA.

"We are particularly anxious to develop trade and commercial relations with Canada on account of the growing co-operative movement there, as we believe that a country whose people grasped the benefit of the co-operative movement for the masses and brought it to such a successful point, is in a better position to understand us, and their industrial classes will have more confidence in business relations with us than other countries.

"Agriculture in Siberia, being in many of its branches identical with that of Canada, should make it very desirable to have in the near future a mutual understanding and concerted action in exporting agricultural products to the world's markets for the protection of the agricultural producers of both Canada and Siberia.

"Let us say a few words of our great disappointment in the matter of expected economic assistance, not only from Canada but from other countries as well.

"We were informed in loud words that economic aid in our terribly difficult circumstances was to be forthcoming to our country from the Allies. In what form has this assistance been offered? In normal times, when we were able to finance our purchases, we were offered all the credit facilities imaginable; now when the political, transportation and currency situation is simply desperate and the population needs farm machinery, tools, manufactured goods as a first necessity, we cannot get them even on conditions of paying a very fair deposit as a sign of good faith when giving the order, and the promise of payment of the balance upon delivery of the goods in this port. The economic assistance given to us means harder and faster credit rules than were ever proposed by anyone in our past business transactions. This is not economic assistance.

REVIVAL DUE WITH IMPROVED TRANSPORTATION.

"We fully realize that the existing railway situation is the underlying cause of all our economic troubles, and results in our inability to get to this port from the interior accumulated stores or articles like butter, flax and hemp fibre, bristle, horse hair, hides, furs, etc. In this respect, however, we wish to inform the Commission that, as early as last fall, the co-operative associations recommended to the Government to have the Siberian Railways turned over to the Allied Powers for reorganization and operation, and we feel satisfied that the delay in doing so is no fault of ours.

"However, we are quite certain that we as a nation shall become again an important factor in the economic life of the world, and are anxious just now to take such preliminary steps and make such connections as will enable us to carry on trade and commerce with Canada as soon as conditions will permit.

"We frankly admit that, although we are very anxious to have business relations with Canada and welcome her desire to become our business friend, we do not wish her to participate in our economic development in the capacity of a middleman. We wish to purchase direct from you articles that you can supply us and to sell to you whatever we have that you can use in your country; above all we are anxious to attract your capital and experience in developing our industries; for reasons mentioned above, the latter could be most successful in Siberian conditions.

"We wish also to request the commission to afford facilities and access to such information and observations of your national life as our representatives sent to Canada will find valuable, and to extend our fraternal greetings to the leaders and members of the Canadian co-operative organizations, informing them of our great anxiety to get mutually acquainted and to develop mutual business relations if at all possible.

"Our aims are not economic only; we cater to the intellectual needs of our members as well, and are carrying on also the work of instructors in the various branches of agriculture.

REPLY OF CHAIRMAN CANADIAN ECONOMIC COMMISSION.

"The chairman of the commission, Colonel Dennis, on behalf of the commission, thanked those present for having provided the opportunity of meeting the representatives of the co-operatives, and expressed his regret at not being able to address them in their own language. He wished to make it very plain to them that the plans and desires of Canada in appointing the Economic Commission were to assist Siberia as part of Russia in restoring herself to normal economic life. Canada, as a part of the British Empire, realized her obligation towards Russia for her early participation in the world war, and there was not the slightest intention to take advantage in a business sense of the existing chaotic conditions in Siberia, but to find out in what manner economic aid to Russia could be given.

"Canada being the country nearest to Siberia, in America, where industrial development makes it possible to supply them with most necessary goods and machinery, and having the advantage in manufacturing such articles for home consumption where conditions are so similar to Siberia, he believes that she can be of assistance and value in business relations with the population of Siberia.

"The desire of Canada is to supply you with such goods only as you may need, and of a quality acceptable to your standards and requirements, and to import from you such articles as can be utilized in our economic life on conditions most advantageous for both countries.

"In the modern world, economic assistance, of course, means proper facilities and means to exchange commodities.

"The Commission, being an economic commission, of course does not deal with the existing political conditions in Siberia. The very serious transportation and financial difficulties existing in Siberia, however, which are of basic importance in any endeavours to develop economic relations and extending aid, unfortunately make it impossible for the Commission at present to realize many of its plans and desires.

"The commission is, however, in a position, from investigations made and material gathered, to recommend to the Canadian Government and industrial interests at home a plan which they hope may be set in operation as soon as the existing transportation and financial conditions are improved.

"As to the question of credit, it is quite certain that individual Canadian manufacturers cannot take credit risks under the existing chaotic financial conditions of Siberia, and it is indispensable to have the Government's assistance in this matter. The Canadian Government is prepared to do so, providing it will have the assurance that Canadian goods shipped to Siberia will be forwarded to points of distribution, which is impossible, under existing transportation conditions."

The Chairman emphasized again the great desire of the Canadian people to be of assistance to Siberia and informed the gathering that the Commission is recommending to the Government giving a free six months' agricultural course to some twenty-five of their agriculturists in Western Canadian agricultural colleges, and he feels satisfied that the Canadian railways will afford them free transportation to familiarize them with the general conditions of Canada.

The chairman asked also the representatives of the co-operatives to express themselves as to the statements often heard that the Siberian peasants have accumulated a

great deal of money and could pay in cash for necessary agricultural machinery and other required articles if they could be delivered to the points at which they buy.

The reply was that the statements as to the amounts of cash in the hands of the peasants are somewhat exaggerated. The psychology of the peasant is very peculiar, and especially since the Bolsheviks disorganized trade and commerce, the peasant, during the past year and a half, not being able to purchase the necessary articles and not finding any use for the accumulating paper money, on the advice of the co-operatives did not market his products. This resulted in a great accumulation of saleable stock, wool, bristles, furs, etc., in the hands of the peasants. The cash they had diminished on account of the very high prices they had to pay for the limited quantities of goods they were able to buy. For instance, a package of matches that formerly cost 10 kopecks now cost from 2 to 6 roubles; a yard of calico selling for 17 kopecks costs now from 7 to 18 roubles. On the whole, the purchasing capacity of the peasants is probably a little less than in normal times—this also is due to the low value of roubles, but their requirements in the way of machinery, tools, clothing and boots, which have not been satisfied for nearly three years, are very great.

Translation.

Trade with Canada: Siberian Proposals of Co-operatives.

The Co-operative Bureau,
Vladivostok.

8th March, 1919.

To The Canadian Economic Commission (Siberia)
Svetlanskaya, 57, City.

DEAR SIRS:—

After a joint meeting with your Commission in Vladivostok on the 5th instant, the representatives of the co-operatives met again on the 7th. At the latter meeting it was unanimously resolved to express our sincerest gratitude for the kind consideration shown to us on the part of the Canadian Economic Commission (Siberia).

After a full consideration of the points dealt with at the joint meeting, it was decided to communicate to you the following.

In spite of the lack of stability and the uncertainty of the present economic position in which our country finds itself, the co-operative organizations, the Moscow People's Bank; the All Russian Central Union of Consumers' Associations ("Centrosoyoz"); the Union of the Siberian Co-operative Unions ("Zakoopsbyt"); the Union of the Siberian Buttermakers; and the Union of the Siberian Credit Unions ("Synkredosoyoz"), are representing economic organizations which fully preserved their activities during all the upheavals and economic convulsions through which the country has passed.

The co-operative organizations, on account of this and their very close and direct contact with the population, could serve as the best medium for the development of trade relations between Canada and Siberia, excluding any speculation in distribution of goods.

The exchange of the Siberian exportable products for use in Canadian industry could be arranged by establishing just equivalent prices, taking as a basis the existing prices during peaceful times.

In developing trade relations with Canada we are very anxious to get the assistance of the Canadian Government in the form of information regarding the Canadian market and industries which would enable us to get goods direct from the producers.

Experiencing financial difficulties, caused mainly by the slowness of business transactions in the country, we are at present exhausting all our energy in securing credit from foreign lands, and we would feel greatly obliged if the Canadian Government was to give us organized assistance in this matter.

At the present time we are, unfortunately, not in a position to submit any concrete plan for exchange of goods with Canada for the following reasons:

The disorganized condition of the Siberian transportation facilities makes it prohibitive for us to develop any plans for movement of any goods and products to and from Siberia. The Siberian market finds itself in a very uncertain state on account of the lack of stability and great spread of prices both for Siberian products and imported goods.

The possibilities of the widening of the Ural Front can in a very great measure change the existing market conditions:

The introduction by the Government of a system whereby the raw product of Siberia shall be marketed in foreign countries by the Government in a great measure is changing the plans of the co-operative organizations in the sale of their raw materials and use of foreign currency.

We request you to bear in mind that the co-operative organizations are prepared at any time to meet any plans the Canadian Government may devise for giving economic assistance to Siberia.

We believe that the giving of economic assistance on the part of the Powers economically and politically strong, to countries which, in this World War, made tremendous sacrifices and find themselves just now in a state of national chaos and poverty seems to be, at the present juncture, a human duty towards their fellow men, as only with such aid can be arrested any further development of the destructive social elements.

With assurance of our respect,

V. DOODNIKOFF,
Chairman, Co-operative Bureau.

(Sgd.) P. GERNAKOFF,
for Secretary.

Suggested Visit to Canada of Siberian Agricultural Delegates.

THE CO-OPERATIVE BUREAU IN VLADIVOSTOK,
c/o Moscow Narodny Bank,
March 8, 1919.

To the Canadian Economic Commission (Siberia),
57 Svetlanskaya, City.

DEAR SIRS,—

We wish to inform you herewith that the co-operative organizations, which have agencies in Vladivostok, have received with a great gratitude your offer to give a six months' course in the Canadian methods of agriculture, for some 20 or 25 persons selected by the co-operatives.

Considering such a question as the best proof of goodwill on the part of the Canadian Government towards the people of Siberia and considering it of utmost importance, we would request you most sincerely to give us the following information:

(1) What qualifications should the members of the proposed party have? In view of the fact that there are very few members of the co-operatives with a command of the English language, would you find it possible to include in that number two or three men, familiar with the English language, who would perform the services of interpreters and seniors of the rest of the group not knowing the English language?

(2) What is the proposed programme for the suggested short course?

(3) When the members of the group should arrive in Vancouver, and who will take care of them upon arrival?

(4) What expenditures shall the co-operatives take upon themselves in connection with the proposed excursion?

Upon receipt of your reply to the above-mentioned questions we shall immediately communicate with the executives of the co-operatives interested and take steps towards organizing the group.

With assurance of our greatest respect,
Yours very truly,

V. DOODNIKOFF,
Chairman, Co-operative Bureau,

P. GERNAKOFF,
for Secretary.

CANADIAN ECONOMIC COMMISSION TO SIBERIA,
VLADIVOSTOK, March 13, 1919.

Mr. V. DOODNIKOFF,
Chairman, Co-operative Bureau,
Vladivostok.

DEAR SIR,—

In reply to your letter of the 8th inst., we wish to give you the following replies to your questions:—

(1) The qualifications necessary for the members of the party proposed to proceed to Canada for instructor's course, in our opinion, should be as follows:—

(a) Certain knowledge of the English language to enable them to follow the lectures of professors and experts of the agricultural colleges, as well as the explanations given during their excursions among the Western Canadian farms.

(b) Certain theoretical and a good practical knowledge of the Siberian agriculture in its main branches.

(2) The proposed programme of the short course is: Lectures on butter and cheese making; use of agricultural machines and implements; dairy and beef stock-raising, **their application in actual farming on the experimental, demonstration and model farms**; cheese factories and creameries, also on farms owned individually by Canadian farmers.

Demonstration of harvesting, threshing and fall ploughing, care of dairy and beef stock, horses, sheep and hogs in summer and winter.

Attending the district agricultural fairs, farm boys' and girls' clubs meetings, and learning the life of the Canadian farmer in general.

To cover all this, probably six months will be necessary, and we consider as the most suitable the period from the middle of July to the middle of January.

(3) The Canadian Government will have a representative to meet the party at Vancouver, and to distribute its members among the agricultural colleges of Alberta, Saskatchewan and Manitoba. We propose to use the colleges of these three Prairie Provinces, where the climatic conditions and methods of farming are most similar to Siberia.

(4) The co-operatives will have to provide passage of the men sent between Siberia and Vancouver.

The Commission submitted such a plan to the Canadian Government, and it is of opinion that their recommendation will be acted upon by the Government.

As soon as this matter is decided and proper arrangements made with the provincial authorities of Alberta, Saskatchewan and Manitoba, you shall be advised by cable through the Canadian Trade Commissioner when the party should arrive in Vancouver.

We trust that the information contained in this letter will be sufficient to enable you to take initial steps towards organization of the party.

Yours very truly,

(Signed)

J. S. DENNIS,

Chairman, C.E.C. (Siberia).

APPENDIX E.

PRELIMINARY REPORT OF THE COMMISSION.

VANCOUVER, B.C., December 9, 1918.

To the Honourable
The Minister of Trade and Commerce,
Ottawa.

SIR,—The undersigned members of the Canadian Economic Commission (Siberia) have had several discussions in Vancouver during the last few days on the various aspects of the situation in Siberia, especially in the light of recent events and with the knowledge that they have acquired of the action which is being taken, notably by United States interests, governmental and private, for meeting the position in Siberia as it is expected to develop now that peace is assured. They feel it their duty before embarking for Vladivostok to submit the following recommendations for the consideration of the minister, in the belief that they will prove helpful in ensuring the successful realization of the objects for which the Commission has been constituted.

Your commissioners would observe that the Order in Council creating the commission was passed at a moment when the possibility of an early peace was more or less remote, and that the terms of reference contemplated opportunities for a careful examination of the situation in Siberia, the collecting and collating of information on the whole subject which would involve time before a report could be made—the main object, however, for the time aimed at being to "carry on" under the limitations to action imposed by the then existing war conditions in order that Canadian interests should not be overlooked or prejudiced in the final result.

The dramatic suddenness with which peace has arrived has altered, in the opinion of your commissioners, the whole conditions under which they will now have to work, and that the situation will call for a speeding up of their own activities, and that of quick decisions and rapid action in Canada.

Your commissioners hold it to be a matter of the most urgent importance that the whole strength of the commission should be on the ground without a moment's delay if an early presentation of their proposals to the Canadian Government is to be rendered possible.

It is urged further, that a Canadian Supply Commission for Siberia be formed without delay. It is believed that such a supply commission could be formed expeditiously and efficiently organized by the mutual efforts of the Canadian Manufacturers Association, the Canadian Bankers Association, and the Canadian Trades and Labour Congress in co-operation with the Federal Government. It would be the duty of the supply commission to ascertain immediately the quantities of Canadian manufactures and other products that would be available for export of the classes which are in the most urgent demand in Siberia, such products to be available for prompt shipment upon receipt of advices from the Canadian Economic Commission as to the quantities called for, and as to the reliable local Russian organizations, co-operative and other private trading firms or individuals through which it would be safe to make such shipments. It would be very desirable if in all cases the articles supplied to Siberia bore the word "Canada" in Russian characters, and thus identify the goods with the country of their origin.

Pending an investigation on the spot of the current financial conditions and of the credit arrangements which may be generally considered possible for the successful exchange of commodities, it appears that the Canadian Government must be prepared

in certain important exceptions to undertake itself the financing of supplies required for the relief of the civil population, i.e., of that proportion which under given circumstances Canada may decide to assume.

The British, Canadian and American Red Cross organizations have already made arrangements to undertake civilian relief in Siberia. That the need is great is confirmed by all reliable reports at hand, and it is certain that unless large quantities of food and clothing are forwarded at once, serious suffering and starvation will be experienced during 1919. It will not be possible for the Red Cross organizations, through voluntary contributions, to meet this necessity in any large way, and your commissioners urge that the Canadian Government provide and ship at once a quantity of food and clothing to be distributed through the Canadian Red Cross, being of opinion that this action will have the effect of laying a strong foundation upon which to develop Canadian trade later on.

It is suggested that steps be taken to advise Canadian commercial and manufacturing circles that the tonnage requirements of the situation with Vladivostok, both for export and import, is definitely assured. Such an announcement should tend to encourage firms who have already gone into the question of trade with Siberia to persevere in their proposals and also widen the general interest in Canada.

Summarizing the suggestions above mentioned, your commissioners respectfully submit the following recommendations for the immediate and favourable consideration of the Government.

(a) That the additional four members of the commission, representing respectively the agricultural, mining, manufacturing and banking interests of Canada, be appointed at once, and that the banking representative be sent forward to Vladivostok forthwith, the others to follow as soon as possible.

(b) That immediate steps be taken to organize a Siberian Supply Commission, through which the goods required in Siberia can be provided for shipment. This part should be administered by the Government, the agreement being that the goods are to be supplied to and shipped by the Government to the Trade Commission in Siberia, who will superintend their distribution and sale, and also ship to order of the Government anything taken in exchange for the goods to be disposed of for benefit of the pool, any balance over the agreed price for the goods to be underwritten by the Government.

(c) That a sum of not less than \$100,000 be immediately expended in the purchase of the boots, food and clothing, and that these goods be shipped, consigned to the Canadian Red Cross Commissioner at Vladivostok, to be distributed through that organization in supplementing the voluntary contributions for the relief of the existing needs for food and clothing.

Respectfully submitted,

Canadian Economic Commission (Siberia),

J. S. DENNIS,

C. F. JUST,

Commissioners.

LOUIS KON,

Secretary.

APPENDIX F.

REPORT ON FINANCIAL CONDITIONS IN SIBERIA.

By A. D. BRAITHWAITE, FINANCIAL EXPERT OF THE CANADIAN ECONOMIC COMMISSION (SIBERIA).

Vladivostok, April 12, 1919.—At the time of writing this report there is complete disruption of trade throughout Siberia, owing very largely to the disorganization of the railway system, caused partly by military requirements for transport of troops and supplies, partly by the vast number of passenger and freight cars requisitioned as dwelling places for Russian and Allied officers and for Government officials and refugees.

This requisitioning not only withdraws that amount of rolling stock from the active operations of the railway, but fills up the sidings at all the principal stations, making it a very difficult matter to operate the road, even to the limited extent which is now being done.

It would appear an almost hopeless task to attempt to intelligently discuss the financial side of the present or future trade requirements of Siberia. However, I will endeavour to place before you a few of the outstanding features as they present themselves to me as a result of my own personal observations and the knowledge acquired through the interviews I have had.

While the temporary Siberian (Kolchak) Government claim to have some gold, to which I will refer later, there is no gold standard on which to base the issues of currency. There is no constitutional government whose pledges of revenues from the various sources such as customs, inland revenue, railways, telegraphs, postal or taxes of any kind could be accepted as a security or basis for such issues, nor could concessions of lands, forests, mines, etc., be taken with any degree of safety.

At the time of the revolution the Kerensky Government, being faced with heavy expenditures, adopted the simple expedient of operating a printing press and turning out currency by the millions. Following the fall of the Kerensky Government the plates were seized and the operations of the printing press continued by the Bolsheviks.

There are also large issues of the old Romanoff currency outstanding—that is, issues made by the Imperial Government before the revolution. None of these issues have any security in the way of gold reserves behind them, although it is well known that before the declaration of war Russian currency issues were amply secured by gold reserves, but as the notes now printed and being printed have no dates, series or numbers, it is impossible to say whether the notes were issued before or after the Bolshevik revolution, and it is difficult to even roughly estimate the amount of such issues.

I am told each army has its own printing press. If regulations were ever made regarding the issues of currency, they are now entirely disregarded.

The Siberian (Kolchak) Government are also making issues to provide for their regular or usual requirements and for military purposes, and there are several municipal and local issues in various districts. Coupons of Government bonds and stamps pass freely from hand to hand in lieu of small currency.

CURRENCY SITUATION.

In an interview at Omsk on March 28, Mr. Michayloff, Minister of Finance in the Siberian Government, gave me the following estimate of currency outstanding. He stated there are now outstanding, according to figures furnished the Government—

- (1) Of the Romanoff and large denomination Kerensky note issues—35 milliards of roubles.
- (2) Of the Kerensky issues of 40 and 20 rouble notes—70 milliards.
- (3) Of the Imperial, Kerensky, and Bolshevik bonds and Treasury bills—20 milliards.
- (4) Of the Siberian (Kolchak) Government issues and Treasury bills—1½ milliards.

A total of 126½ milliards of roubles.

This is exclusive of local and municipal issues estimated at 200 millions.

GOLD AND SILVER RESERVES.

Mr. Michayloff also stated that the Government has reserves amounting to 8 milliards of roubles, consisting of gold, platinum and silver, valued at the current rate of exchange.

This is practically substantiated by Mr. Nicolsky, director for Department of Ministry of Finance in the State Bank, Vladivostok, who states that the State Bank holds for the Government 700 million roubles in gold bars and coin taken from the Bolsheviks at Kagan, and 25,000 poods of silver, say 900,000 pounds, and some platinum.

COUNTERFEIT MONEY IN CIRCULATION.

There is a very large amount of counterfeit money in circulation, chiefly of the Kerensky issues of 40 and 20 rouble notes.

At a meeting held in Omsk by representatives of the Government, the banks, the stock exchange and industrial companies, it was proposed that the Kerensky issues of 40's and 20's should be withdrawn from circulation under the following conditions. If presented for exchange within six months half of the value to be exchanged for Siberian notes and half converted into 20-year bonds; a certain amount of the bonds to be drawn for and cancelled each year, commencing July 1, 1920.

CURRENCY DEPRECIATING IN VALUE.

The value of the rouble has been rapidly decreasing. Whereas on my arrival at the end of February the rouble was roughly calculated at 10 to the dollar, to-day's quotation (April 12) is 18·50, and it is impossible to buy exchange on foreign countries at any rate.

TRANSPORTATION AND FOREIGN EXCHANGE.

Under such conditions as now exist, owing to the lack of railway transport, there are practically no exports and no means of creating foreign balances against which bills of exchange can be sold to pay for imports or to in any way help to stabilize the value of the rouble, so that should the Canadian manufacturer wish to sell goods in Siberia, he could only receive in payment a currency which is rapidly depreciating in local value and is of no purchasing value outside of the country of issue, and in exchange for which he could not receive funds available in any market in the world, except perhaps to a limited extent in Japan and China; in fact I understand that the importation of the rouble is forbidden into England, France, the United States and Canada.

The Government sources of revenue are not in any degree sufficient to meet ordinary expenditure, and great difficulties are experienced in the collection of taxes.

In fact to sum the question up, owing to the lack of railway transport, the stoppage of exports, the consequent inability to purchase exchange, the rapid and con-

tinuous fall in the price of the rouble, the difficulties confronting the Government in handling the Bolshevik insurrection, the prisoners of war and the refugees from all parts of Russia, the question of placing the finances of the country on a firm and stable footing seems quite hopeless.

STABLE GOVERNMENT FIRST REQUISITE FOR RECOVERY.

It appears to me that the first step must be for the allies to acknowledge and support the Siberian (Kolchak) Government, if the various powers interested feel that their interests and investments are of sufficient importance to justify such action. Should the Allies not take the steps necessary to that end, Siberia politically, financially and commercially must fall under the dominance of Germany, China and Japan, and in time it would naturally follow that European or older Russia would come under the same influence.

The second step I would advise would be to create Siberia into a separate province, drawing the boundary line at the Ural mountains. It would not, I gather, be a very difficult task to restore law and order in Siberia, as apart from the western part of Russia. Then, if thought advisable, the parts could again come together, making a united Russia.

The only reason I have touched on the political side of the question is because, following recognition, it would be necessary for the Allies to make loans to the recognized Siberian Government, and with a stable Government properly supported by the Allies, such loans could be adequately secured.

SIBERIAN STATE BANK AND ALLIED ADVISORY FINANCIAL COUNCIL.

The third step would be to create an Allied advisory financial council, who would be in full control of all finances in Siberia, and in this connection I would advise the establishment of a Siberian State Bank, apart from the State Bank of Russia, with an authorized capital, supplied partly if possible by the people of Siberia and partly by the Allies, of £10,000,000, of which £2,500,000 should be paid up and a further £2,500,000 subscribed before the bank opens for business. The shares should carry a double liability and the bank should have no powers to lend on real estate. The Government should give the bank all its reserves and should deposit with it all its revenues.

The bank should be the only bank authorized to make issues of notes in Siberia. Such issues would be secured:—

- (1) By the Government reserves.
- (2) By the subscribed and unpaid capital.
- (3) By the double liability of the shareholders.
- (4) By all the available assets of the bank and the resources of the Government.

The amount of the circulation to be limited and determined by an Act of Government. The bank to be under Allied control and to make monthly returns of assets and liabilities, showing particularly amount of metallic reserves and circulation.

And until such time as the country has been placed on a firm, stable basis, it would be advisable that the greater part of the reserves should be deposited outside of Siberia.

It would also, I think, be desirable that a name, other than that of the rouble, should be given to the new paper money to be put into circulation.

The question of the redemption of the present issues should be decided upon by the financial council.

It is hoped that under the new Railway Commission, referred to in the report of the Sub-Committee on Transportation, transport will greatly improve and proper provision will be made for movement of merchandise.

I must add that I cannot in any way vouch for the correctness of the figures quoted.

As soon as conditions are more settled and good money can be obtained in payment for goods, I think it decidedly advisable that manufacturers should send out their own representatives with samples, who could place orders with responsible local merchants, as the demand for manufactured goods of all kinds, especially for agricultural implements suitable to Siberia, is and will continue to be of large proportions.

Mr. Braithwaite's report is supplemented by: (1) Memorandum on visit to Omsk and brief notes on the Country immediately contiguous to the railway. (2) Translation of an interview with a member of the Financial Economic conference, entitled "The Money Reform." (3) Lecture by Mr. N. Nordman on "The Finances of Russia."

(1) Memorandum on Visit to Omsk and Brief Notes on the Country Immediately Contiguous to the Railway.

Feeling that I could not acquire sufficient knowledge of the subject by remaining in Vladivostok, I decided, with the full approval of the commission, that I would visit Omsk, the seat of the Siberian (Kolchak) Government, and I accordingly left by express train for that city on March 16, a distance of some 3,566 miles, the journey taking nine days.

The first part of the trip was by the Chinese Eastern Railway, through North Manchuria, a rich fertile farming district capable of producing all kinds of grain, beans, cattle, horses, etc., the soil very similar to that of our Canadian prairies between Winnipeg and Regina.

Three hundred miles west of Vladivostok the country is largely mountainous, with fertile valleys; passing out of the province of Manchuria at the town of Manchuria, into Siberia, the same rich soil is found and the prairie land, rolling but not hilly, appears very well adapted for farming purposes. Some big rivers cross from south to north, many of which are navigable for fair sized passenger steamers for six months in the year. A little further on the country gets more wooded and gradually assumes a more broken aspect, where coal of a rather inferior quality is found.

After passing over the mountainous country, along the shores of lake Baikal, another stretch of prairie land is found, well suited for farming and grazing, but very sparsely settled. Leaving Irkutsk more settlements and fences are seen, and as Krasnoyarsk is approached, considerable timber is seen and some lumbering is carried on, changing again into a prairie country suitable for farming and live stock.

From all accounts gold, platinum, silver, copper, iron and coal have been discovered in several localities all through Siberia, and have been developed to quite an extent in some places.

Siberia has a population of about thirteen millions and has practically no manufacturers—the bulk of the population being west of Irkutsk, some 2,000 miles west of Vladivostok.

I have thought it well to touch upon these matters, as indicating the great inherent wealth of Siberia and the purchasing power for manufactured goods of all kinds.

During my stay in Omsk, I had the honour of interviews with Admiral Kolchak, Mr. Michayloff, Minister of Finance, and Mr. Shishkin, Minister of Trade and Commerce, and several leading bankers and merchants. Incidentally I slept in a pullman car and messed with the Canadians at their barracks.

Staying off at Harbin on my way back to Vladivostok, I had a very interesting interview with Mr. Vodiansky, president of the Chamber of Commerce, and also with the managers of the Russo-Asiatic Bank and Hong Kong and Shanghai Bank.

Siberia is three times as large as European Russia. The people, it is claimed, are more intelligent than European Russians. It has 6,000 miles of coast line on the

Pacific. Produces wheat, rye, barley, oats, flax, cattle, sheep, timber, fish, butter, hides, furs, lead, zinc, copper, coal and gold.

The trade was controlled almost wholly by Germany before the war. There is plenty of Chinese labour. Sanitary measures are practically unknown, for instance, Vladivostok with a population of 120,000 has electric light and short street railway, but no waterworks or sewage of any kind.

Trading is very largely in the hands of the co-operative societies, but as they have made large advances on merchandise, which they have been unable to export, they find themselves at present short of working capital.

A. D. B.

(2) The Money Reform.

Translation of Statement by a Member of the Financial Economic Conference.

The Peace Conference has arranged that operations with the Russian rouble shall be prohibited in all countries except Japan and China. Russian paper money is now no longer acceptable, except in Japan, where Russian currency may be exchanged for yen. This is one of the reasons for the recent fall of the rouble. The Allies are of the opinion that as soon as the Russian paper currency is reformed the value of the yen will fall to five roubles.

The uninterrupted printing of paper currency by the Bolsheviks has no example in history. Not being satisfied with the printing of money by authorized centre, the Council of People's Commissars has supplied each Commander of the Army with a printing press. The Bolshevik Commissar is printing as much paper currency as he likes, disregarding the regulations issued and the laws which have been made regarding the issue of money. When the Armistice was concluded, this money was sent in great quantities to Germany and Austria for the purpose of causing a Bolshevik revolution.

In Soviet Russia Kerensky notes are chiefly printed. They have no series or numbers, and it is therefore difficult to state whether this money was issued before the Bolshevik Revolution or after. Notwithstanding this the Kerensky money is valued higher in the Far East than Siberian notes. The situation is becoming abnormal because the rouble in Russia is lower than in Siberia. The Kerensky money in Siberia is quoted higher than Siberian money. The Bolsheviks are doing a good business on the high exchange quoted in Siberia for the Kerensky money as against the low quotations of Siberian notes.

In order to protect themselves and to stabilize the exchange rates, the Allies have therefore temporarily prohibited the acceptance of Russian paper money.

Before the taking over of the Printing Department of the Government by the Bolsheviks, their enemies succeeded in destroying the stamps and plates of the 500, 100, 50 and 25 rouble notes. The Bolsheviks can therefore print only 10, 5, 3 and 1 rouble notes of the Romanoff Government. In peace times the printing of paper currency cost 50 kopecks, whereas it now costs not less than 5 roubles. It is therefore not profitable for the Bolshevik Government to print Romanoff notes, hence the continued printing of Kerensky money.

UNIFORMITY OF PAPER CURRENCY.

In order to protect the country from the influx of the Bolshevik Kerensky money and to prevent speculation in the rouble, the Allies, together with the Russian Government, have decided to withdraw from circulation Russian credit notes of the Romanoff and Kerensky regimes. Only the notes of the Siberian Government and those prepared in America for Russia will be allowed to remain in circulation.

It is not known just how this reform will be brought about, but a plan is now being worked out and is shortly hoped to be realized. After that exchange operations in roubles will be allowed again, but there will not be different rates of exchange for the various forms of currency.

MONEY EXCHANGE POLICY—INCONCEIVABLE FINANCE—BOLSHEVIK GOLD—DANGER OF INFLUX FROM THE DIRECTION OF THE URALS.

The foreign section of the Credit Department has been removed to Vladivostok by an Order-in-Council, in view of the present significant position of that city. Omsk is the centre of political affairs, but Vladivostok and Harbin are the economic centres owing to the presence of the importers and exporters, of representatives of the business world, and to the activity of the Russian and foreign banks. The activities of the foreign section of the Credit Department will consist in handling exchange operations with foreign countries. Generally it can be said that this Department carries out the exchange policy of the Government, which at the present time has a special national significance, since it closely affects the supplying of the Army as well as the civil population, and also the upbuilding of industries and agriculture and transport facilities.

The exchange policy of the Government depends exclusively upon present conditions. The sources from which foreign exchange can be obtained are very limited in consequence of existing conditions and disorders, and partly on account of the disorganization of the economic life of the country after the Bolshevik regime. At the same time the demand for foreign exchange is considerable. Consequently strict economy in expenditure is inevitable, together with active support of all branches of industry, which will result in the influx of foreign currency.

I consider abnormal the situation regarding the exchange market in Vladivostok in the last week. The sudden downfall of the rouble in such a short time, in view of the absence of any notable events, and in spite of the successful operations of the new Siberian armies, can be explained only by the disorganization of the market and by speculation.

The Minister of Finances cannot regard such a position with indifference. I am surprised at one circumstance. Everywhere in Siberia as well as in those places in European Russia which have been delivered from Bolshevik hands, the Government Treasury notes, and the bonds of the Omsk Government, are accepted willingly in payment. The people not only trust the Central Government, which is issuing the currency, but also take into consideration the real guarantee of the stock of about seven hundred million gold roubles and a great quantity of silver and platinum. Moreover the stocks of these metals may be increased, as they are found in the Urals and Siberia. On the other hand the national economic life is disorganized to a less extent in Siberia than in Bolshevik Russia, and the restoration of the Government finances is upon a more solid basis. Notwithstanding the above circumstances, green money and Kerensky notes are preferred in Vladivostok and Harbin, although these same notes have been printed in large quantities for the past year by the Bolsheviks.

This paper money has behind it almost no guarantee. Owing to the reduction of the metallic stocks taken from the Bolsheviks by the Siberian troops, the sending of gold by the Bolsheviks into Germany, the returning to the Allies of this same gold on their demand, and also taking into consideration the gold which has found its way into the pockets of the Commissars for financing the Revolution in Germany and other countries, the Bolshevik Government cannot have more than 150 to 200 million roubles gold.

Moreover, statistics are available to show that to meet expenses, which reached a total of from eight to nine million roubles, the Bolsheviks have issued not less than one hundred billions of roubles of green and Kerensky currency. The printing of this money is still being carried on the same scale. There are no other guarantees for the

billions of Bolshevik money. The Ural front now provides a barrier against an influx of these billions, but the important question is how to continue to save the population of Siberia from an influx from that part of European Russia where the population is more quickly supplied with paper money owing to the rapidity of the printing. If measures are not taken the prices for all articles would rapidly increase and the population be ruined. Doubtless the Government will be able to attend to the interests of the country, and steps will be taken with this end in view. Just what this decision will be I have no information, but justice requires that some relation between the value of the Bolshevik and Siberian money be established, and this relation will naturally be far from being satisfactory for those who stubbornly prefer Kerensky for yellow money.

(3) The Finances of Russia.

*By N. Nordman, Lecturer on Political Economy in Russian Naval Academy.
(Reproduced from "Echo"—Vladivostok, April 13, 1919)*

The solution of the problems as to how and when it will be possible to improve Russia's financial system is one of the very gravest importance. The Bolsheviks' refusal to pay the debts incurred by Russia cannot be looked upon in the light of a serious measure. This act of the so-called Bolshevik authorities has no precedent in history, as in all the great revolutions of the past it has always been a universally recognized and accepted principle that any state debts, and more particularly any foreign debts, incurred by the old régime, remain binding upon the new government. Such also was the attitude of the first Russian revolutionary provisional government towards her state debts. The Russian statesmen who came into power during the revolution of February, 1917, were fully aware that even had they wished to repudiate Russia's debts—which they did not—they would have been unable to carry such decree into practice. Although it was possible for the Bolsheviks to stop payment for a certain period, Russia in her present condition could not exist for any length of time without the help of foreign credit. Sooner or later, therefore, any Russian Government in power would be forced to realize their responsibilities towards the debts of the old régime, as well as those of the Provisional Government.

There is, moreover, another aspect of the question which must be considered, viz. its international character. The repudiation of state debts would never be permitted owing to the damage which would be inflicted upon the international credit of all states concerned.

Once the repudiation of the state debts of any particular country was accepted by her foreign creditors, no one could feel any security in the future that he would get his money back from the state to which he had lent it. Thus the very foundation upon which international credit is built would be utterly destroyed, and when the Allies protested against the Bolshevik decree abolishing the Russian state debts they acted in the only way open to them.

In seeking a solution of the Russian financial problem, therefore, the repayment of the Russian state debts must be taken as the starting point. Thus it will be seen that in the reconstruction of the finance of Russia, not only are those men interested who will enter into future commercial relations with Russia, but also a wide circle of the Allied population who are the present holders of Russian state bonds.

In this connection the first question which arises is, would it be possible for Russian financial reform to be brought about in the near future? To find an adequate answer to this practical and important question it will be necessary to investigate certain figures showing the financial position of Russia during war-time.

In the first place these figures will show that the financial condition of Russia prior to the Bolshevik revolution was a very different thing to that which followed it. From the Russian war budgets of 1914, 1915, 1916 and first half of 1917, it will be

seen that the state revenue was higher during that period than the state expenditure (not including war expenses). The fall in the value of Russian paper money began long before the first revolution, and was one of the contributory causes which helped to raise the price of a great number of commodities. These inflated prices in their turn compelled the Russian Government each successive year during the war to increase the state expenditure, with the result that the budget rose (exclusive of war expenditure) from three milliards of roubles in 1914 to more than five milliards in 1917. Notwithstanding this fact, however, the state expenditure of 1917 was covered by the state revenue.

The war expenditure of Russia during the three and a half years of warfare was more than fifty milliards of roubles. From this sum sixteen milliards were met by internal loans and 8,070 millions were borrowed from abroad. But to obtain the rest it was only possible to do so by a fresh issue of paper money. In the middle of 1917 more than fifteen milliards of roubles were in circulation (1914, 1,425 millions; 1915, 2,612 millions; 1916, 3,488 millions; first half of 1917, 6,317 millions; total, 13,842 millions).¹ As the gold reserves were less than two milliards of roubles, they covered less than 20 per cent of this amount of paper money.

At the time when trade and commerce were decreasing every day, the circulation of such an enormous quantity of paper money was very abnormal. It lowered the value of the rouble and was a danger to the credit of the state. It was therefore clear that some decisive measure for improving the Russian money system was necessary, although at the time the position was not critical, as the steady increase of state revenue during the war made it clear that the resources of the country were far from exhausted.

Her chief danger during that period lay in the issue of fresh paper money to cover her war expenditures. If in October of 1917 the Government had been successful in obtaining a sufficient sum from her allies to cover war expenses, the stability of the value of paper money would have been quite possible.

Russia has an enormous quantity of raw material. As the prices of these products are very high and are becoming increasingly so, it would be quite possible by a wise economic policy to maintain an active balance of trade.

Thus it is clear from the above that in October, 1917, prior to the seizure of power by the Bolsheviks, had the right measures been taken, there might have existed the following conditions—which are always of the greatest importance to the restoration of gold exchange, viz. (1): a budget showing no deficit; (2) the stability of the value of paper money; (3) an active trade balance.

The foreign and perhaps even the internal loans were doubtless necessary for the improvement of the Russian money system, as otherwise it would have been impossible to diminish the quantity of paper money in circulation. Foreign capital was necessary to developing the immense resources of Russia, because only thus was it possible to increase the state revenue to enable Russia to pay the interest on the loan. But the steady and quick increase of state revenue during such a difficult period as the war (in spite of the abolition of vodka, which yielded in 1913 alone 800 millions of roubles to the Russian Government), makes it clear that in October, 1917, the financial position of Russia was such that it would have been quite possible to reconstruct the financial system and even return to the gold circulation. Conditions, as we know, have since undergone a complete change.

APPENDIX G.

THE FORESTS AND TIMBER INDUSTRY OF THE RUSSIAN FAR EAST.

BY LOUIS KON, SECRETARY, CANADIAN ECONOMIC COMMISSION (SIBERIA).

There are no statistical data available regarding either area of forests or amount of timber cut that could be quoted as authoritative. Figures given in various publications and statements, official and semi-official, vary considerably, and the figures quoted in this report have to be considered as estimates only and without guarantee as to their accuracy.

Amur district	110 million acres.
Maritime district.	91 million acres.
Sakhalin district.	6,750,000 acres.
Kamchatka district.	1,260,000 acres.

The Amur District.—From 9,000,000 to 12,000,000 acres of the forests belong to the Amur Cossacks administration, of which some 4,500,000 acres are accessible for immediate exploitation. Among the immediately commercially most valuable may be mentioned 300,000 acres along the river Urkan near the gold mines; 600,000 acres from Mever to Magdagachi which could be utilized for the needs of the Amur railway; 600,000 acres in the basin of the river Pera, for the main line and the Blagovyeshchensk Zeya-Pristan branch of the before-mentioned railway, and 900,000 acres tributary to Blagovyeshchensk for the needs of that city. These areas represent mainly birch, larch and pine, which have been burnt over by frequent fires.

Besides the above territories along the rivers Tigda, right and left Tigdi, Too, Great Pera and certain tributaries of the Amur river, consisting of valuable pine timber, as well as Belgorok, Michailovsk, Goloho-Zeish, Ust-Jatwinsk, Ust-Seletkensh, and Vershin Persk forest tracts, representing some 1,500,000 acres, can be considered as the most accessible and suitable for commercial use.

The Amur District timber until the present time has been used exclusively to supply local needs. The lumber industry of that district is concentrated at Blagovyeshchensk, where several lumber camps and sawmills, representing a capital investment of say 1,000,000 roubles, are established. Lack of capital and poor communications are the main reasons for the very poor development of the lumber industry.

The forests of Kamchatka, estimated at some 2,000,000 acres, are situated in the interior of the peninsula, and although they contain big sized white birch, poplar, aspen, larch and pine, the timber being poplar variety and very brittle, is not of very great commercial value. The timber can be rafted down the river Kamchatka, but the loading at the Ust-Kamchatka bay is rather difficult on account of frequent and strong southwestern winds; besides which there is no labour available locally.

The Maritime District, it is estimated, contains over 90,000,000 acres of forest. Of this more than three-fourths is the property of the state; about 16,000,000 acres belong to the Cossack administration, 4,750,000 acres to the peasants, and the balance to the cities and churches.

About 13 per cent of the state forests have been surveyed. Of the 90,000,000 acres, 48 per cent represents merchantable timber, and its division is as follows: Pine 27 per cent; cedar 10 per cent, larch 4 per cent, fir 1 per cent, various kinds 6 per cent. It is calculated that, notwithstanding the fact that 52 per cent of the timber is of non-merchantable character, about 112,000 cubic feet per acre could be cut yearly.

The most striking features of the timber industry in the Far East are the lack of system and the forest-robbing methods in cutting timber.

There is no logging equipment whatever; very inefficient labour and the most primitive tools are employed. Only the most valuable trees are felled, resulting in great waste.

The lack of capital is greatly felt, as well as of organized efforts on the part of experienced lumber manufacturers to take advantage of opportunities in this industry, both as far as supplying domestic needs and the export to Japan, China and Australia are concerned.

MARKETS FOR TIMBER.

Eastern Siberia, which is very rich in various mineral deposits, expects with the advent of normal times great mining activity, which will call for a considerable supply of timber and lumber. Up until now, timber needed in mines has been imported from Japan owing to the lack of mechanical devices in Siberia and through it the difficulty of cutting uniform dimensions. The construction of additional railways and harbour works in Siberia—the latter in Japan as well—will also call for considerable quantities of lumber. Then there is the Chinese market which is so near and which takes readily the inferior grades. And finally Australia, to which Eastern Siberia was already importing lumber before the war, will open large and profitable avenues for the lumber industry.

A NEGLECTED INDUSTRY.

The main reasons for the neglect of such an important industry are:—

1. The granting of permits for four years only, without the slightest guarantee of an extension of that period if desired or necessary.
2. The selection often of the least desirable limits by the Government for lease, and the obligation to take out yearly a stated number of trees for which a royalty has to be paid irrespective of whether they are or are not taken out.
3. High upset prices in auctioning off the limits, which often made the purchase of the concessions offered for sale unprofitable. (Of the 1,380 limits offered for sale from 1910 to 1913, only 583 were purchased.)
4. The great loss of time and money caused by the endless formalities, troubles and difficulties caused by the Government administration.
5. Scarcity of labour, lack of roads and of harbour facilities in Nikolayevsk, the cheapest and main outlet for export.

All the above is true of development of timber resources in the forests controlled by the state and under the system of administration as it existed up to the time of the revolution. Since then, as in other parts of the economic life of the country, everything is practically at a standstill.

The conditions of carrying on the lumber industry in forests belonging to the peasants have been somewhat more advantageous. There has been more freedom in the selection of areas to cut timber, and it has also been easier to arrange terms suitable for the party wishing to cut timber than with the Government authorities. Moreover, the timber itself, although just as valuable commercially as on the Government properties, was nearer to settled districts and better roads, which reduced the expense of cutting timber by about 15 per cent, although here the Government was of late collecting a stumpage fee.

Notwithstanding the fact that the districts mentioned are practically entirely under forest, the conditions under which the timber can be cut and lumber manufactured make it rather expensive and difficult. It hampers the export business and does not even meet the needs of the local market.

As a proof of the anomalous conditions that prevail, it may be mentioned that the Ussuri Railway is supplied with Manchurian timber, and that in 1913 and 1914, Khabarovsk imported 34,000 logs from Manchuria.

The cutting of timber is mostly carried on near and around more important centres like Vladivostok, Nikolsk, Khabarovsk and Nikolayevsk.

The short terms of permits to cut timber on a leased limit, and lack of assurance that either the central or local Government authorities will not change entirely the agreed upon conditions, has made it impossible to organize the timber industry as the opportunities both as to the available material and market demands warranted.

There is an absolute lack of permanent organization to develop the timber industry. It has to be borne in mind that in Siberia the cutting of timber and the manufacturing of lumber are not considered, as a rule, a single enterprise, the Siberian manufacturers of lumber purchasing their timber, delivered at the mill, from the lessees of the concessions.

The lumber industry, as a matter of fact, has developed on the foundation of Government orders, for which very high prices were paid, and the private needs of the local market were supplied only when the Government contracts were slackening.

The conditions created by the Government, of course, have led to the exploitation of the timber resources owned by the peasants in a most wasteful manner.

The peasants were given free land grants, which were really timber grants getting at the same time a certain money grant to establish themselves and to clear the land. They did not have any animal power or mechanical devices for clearing the timber, nor the slightest idea about the necessity of conservation of timber for their own future use.

They, of course, were selling the rights to cut the timber to whomsoever came along, having every inducement to that end because they were allowed to move to some other place to get another grant and with it another subsidy. The peasants, the timber merchant, trying his hand at whatever was most profitable, and the Government itself, participated in this method of cutting timber.

The cutting of timber on the properties of the peasants almost equalled the exploitation on the Government reserves. In 1911 there was cut 1,120,000 cubic feet of timber, half of which was from the property of the peasants. In many places the peasants are entirely without timber and are using straw and manure for fuel.

According to the investigations of the Labour Bureau in 1912, 13 out of the 91 timber concessions investigated, employing up to 25 men, only 18 were leased from the Government and 54 from the peasants, the balance belonging to the Cossacks, cities and others. Out of eighty employing up to 200 men, 19 were Government leases, 49 peasant properties and the balance belonging to Cossacks and others.

YEARLY CUT OF TIMBER.

The estimated possible yearly cut of the Maritime Province and Sakhalin Island is 47,488,000 cubic feet, but only 2,800,000 are actually cut, of which, in 1911-12, about 32,000 cubic feet were exported, the rest being used locally.

In 1912 there were 43 saw-mills operating in the region mentioned above, representing a value of some 2,800,000 roubles or 66,680 roubles on an average, although two or three were valued at nearly half a million roubles. Their capacity is upward of 3,300 legs every twenty-four hours, representing 945,000 cubic feet of lumber.

In 1912 there were 89 lumber yards which handled lumber to the extent of some 830,000 roubles.

There is one veneer and one match factory near Vladivostok, and a recently completed distillation plant for extracting by-products from wood, which is near Yengenievka station, and a defunct small paper factory.

The figures of the Labour Bureau for 1912, which has investigated 160 worked concessions, show that the capital invested in them represented 3,200,000 roubles.

In the same period according to the Colonization Department 11,130 families or 63.8 per cent of the total peasant population, were participating in the lumber industry, earning 1,609,000 roubles, and 778 families of new settlers or 12.8 per cent of all the new arrivals earned from the cutting of timber 158,000 roubles.

CAPITAL, LABOUR.

The total capital operating in the timber industry in that year represented a little over 8,000,000 roubles, almost all being Russian capital.

The labour employed represented 5,729 local Russian labourers, 1,752 outside Russian and Korean Russian subjects, and 6,722 yellow race labourers. Besides, in the twenty saw-mills in operation there were 1,591 Russian labourers, and in rafting and loading 2,050 Russians.

The earning capacity of the 13,000 Russians and Russian subjects, labourers in the lumber industry during that year, aggregated 2,600,000 roubles, on an average of 20 roubles per head.

In 1912, according to Government statistics, around 448,000 roubles represented the revenue from the timber resources of the Maritime and Sakhalin districts, as against 158,000 roubles of expenditure.

On the part of the people interested in the national development of the forest resources of the Russian Far East, there is a great desire to give proper concessions to the foreign capitalists who are experts in the lumber industry. It is proposed to remove the many previous restrictions in the matter of longer leases, different basis of employment of Russian labour, etc., but all this has not yet advanced beyond the stage of suggestion, and is under consideration both by the Government and the organized bodies interested in placing the timber industry on an economic basis.

The appended report of the joint meeting held between the Canadian Economic Commission and the Russian-American Association will throw more light on the changes that are proposed in this respect.

Report of a Joint Meeting held with the Russian-American Association of Vladivostok on March 12, 1919.

The Canadian Economic Commission was represented by the Chairman, Commissioners Just and Wilgress, and the Secretary. The American-Russian Association by their Chairman and Vice-Chairman, Secretary, three members of the Executive and two specially invited officials of the Forestry Department.

The subject under discussion was the timber, Wood-pulp and Paper-making Enterprises in the Russian Far East. The information received from the experts on timber business may be summed up as follows:—

The amount of the available merchantable timber in the Far East cannot be stated owing to the immensity of the territory and the little exploration which has been done; but it is estimated that the surveyed portions represent about 15 per cent of the total area. There are very large tracts of virgin forests. The official records of the surveyed portions can be had from the Manager of the State Properties of the Maritime, Kamchatka and Sakhalin districts at Harbin and from the Management of the Amur State properties at Blagovyeschensk.

TIMBER CONCESSIONS.

Regarding the granting of forest concessions to foreigners willing to invest their capital and experience in developing the timber resources, no definite information could be obtained. Just at present a special committee representing timber interests in the Far East, working in connection with the Department of General Horvath, are considering plans and framing laws to be submitted to the Government at Omsk. The Omsk Government has already decided upon, but has not yet promulgated, certain laws and regulations in connection with the development of timber resources, under which, it is stated, there is no disposition to give to the foreigners equal privileges with Russian subjects. The tendency, however, of the aforementioned committee is to recommend that such equal privileges be granted.

There is a strong tendency to limit the participation of foreign capital to about 49 per cent of the whole capital engaged so as to exclude foreigners from the control of the management, and further, it has not been decided whether such foreign capital is to be allowed to participate direct or through the existing Russian banks. It was hinted at that, in view of the great desire and necessity to have the Siberian timber resources properly developed, a decision might be arrived at not to limit the acquiring of controlling interests in undertakings on the part of the foreign investors.

The present system is to grant concessions up to four years. The recommendation, however, of the Vladivostok committee is to extend them to two subsequent terms of twenty-four years each. On this point as well it is impossible to give any definite information as no final decision has yet been arrived at by the Government. Among the recent applications made for concessions, the total of which was twenty-nine, only three represented foreign investors.

In applying for concessions a statement has to be made of the amount of timber it is proposed to take out yearly. Under the Government plan there is no provision as to the minimum annual operations on a granted concession. The Vladivostok plan provides for a certain amount of timber to be taken out on the concession granted within the period of five years and this can be done in the form either of annual cuts or in the fifth year.

In regard to dues payable in connection with the working of a concession, there is to be a certain fee paid for such a concession, besides the usual industrial license tax and the income and local taxes. The concession privileges the owner to take out timber only, the ground remaining the property of the State. If in connection with the operation of a logging camp or sawmill, it is necessary to provide feed for the horses or to put up buildings, grants are being made by the Crown at a minimum fee for use of such privileges. The present royalty is thirty kopecks per cubic foot; before the war it was five kopecks per cubic foot, or about a half kopeck per board measure foot.

As for labour conditions, it is impossible to state the cost of skilled or unskilled labour as the market is absolutely upset and great shortage of labour is being experienced. It is felt that there will be a great demand for the introduction of mechanical aids in the development of the timber industry as the labour is rather difficult to obtain and handle, and is expected to remain so for some time.

It is not decided as yet what privileges will be granted by the Government in the matter of employment of foreign labour in the timber industry. The recommendations of the Vladivostok committee, so far as certain clauses of the past laws in the matter of employment of foreign labour are concerned, recommend that during the first five years of work on the concession, labourers of any nationality be permitted to be employed; in the following ten years 25 per cent of the labourers to be Russians; that proportion thereafter to be gradually increased until all the labour is Russian. The mechanized and office help, foremen and all help above the common labour to be of any nationality the concessionaire may wish to use.

OPENINGS FOR MODERN SAWMILL MACHINERY.

There is no modern machinery being used in logging as understood in Canadian practice. In the whole of Siberia there are, all told, three stumping machines. The sawmill machinery is in the majority of cases of the German type and manufacture; the balance is Swedish with a few plants of Russian make. There are also three American outfits. No band saws are used, all the sawmill machinery being of the frame type. Locomobiles are extensively used in connection with small portable sawmills.

The average size of logs is about 20 inches in diameter, although some trees run from 26 inches to 40 inches.

There are no figures available giving the production since 1913, but as no new saw-mills have been built since that time, the 1913 figures represent the output of existing mills in normal times.

Owing to restrictions put on production by the Government regulations, the mills are turning out only 50 per cent of their capacity; the 1913 production was 1,000,000 logs. The largest sawmills in the Far East, one belonging to a Mr. Senkiewich and the other to the Government, were sawing up about 40,000 to 45,000 logs per year.

In connection with the saw-mills, there is very little sash and door manufacturing, but barrel staves are made for which there is a great demand for packing salt fish. These barrels are made mostly of about 25 poods (900 lbs.) capacity. Shingles are not used, corrugated iron being used for roofing even in the villages. Laths are manufactured out of the slabs.

The granting of water-power rights in connection with timber concessions so far has not taken place, but owing to the timber limits available at present for development being greatly removed from inhabited places, it is quite probable that the Government will extend the water-power rights to persons obtaining licenses for cutting timber.

The price of lumber in normal times was 40 to 55 kopeks per cubic foot for grades sold locally, and 55 kopeks to 1 rouble for selected No. 1 and No. 2 export lumber.

Just now the prices run from seven to nine roubles per cubic foot, and very frequently whatever can be extracted from the purchaser above that amount.

MARKETS.

The main export market, until the time of war, was England, but the local lumber manufacturers feel quite certain that they will lose that market to European Russia. It is felt certain, however, that the Pacific trade, except the American coast, will be served by the Russian Far East. There is in view a large demand for lumber from Japan. The Australian trade was always partly served by the Siberian lumber mills. China is a good customer for cheap grades of lumber, but up until now, owing to the very high tariff, this opportunity was not utilized. Of late Japan was exporting very large quantities of aspen logs from Siberia for match and pulp manufacturing, and paid six to seven roubles per cubic foot as compared with 18 kopeks before the war.

There are no pulp or paper factories in the Far East at all, but great interest is being displayed locally to establish such industry and on the part of the Government to foster it. Several applications for the erection of pulp and paper mills were made recently.

A convention of foresters last September made a recommendation to the Government to substitute the stumpage royalty by a royalty per pood of manufactured pulp. In view of the great amount of sulphates and other chemicals necessary for manufacturing of chemical pulp being available in Siberia, it is felt that chemical pulp will be produced rather than mechanical, the former being of higher value and of better quality.

In conclusion, the Chairman thanked the Commission for giving them an opportunity to be of assistance in securing information on such a vital subject as the development of the Siberian timber industry, emphasizing that the information was given by experts who were thoroughly familiar with both the resources and probabilities of development of the timber resources in the Russian Far East. He offered to be of any further assistance to the Commission either personally or through correspondence and expressed great regret at the early departure of the Commission from Vladivostok for Canada.

The Chairman asked the Commission to supply the Russian-American Commission with the various publications issued by the Canadian Government and private concerns, regarding the development and progress of the economic life of Canada.

CHAIRMAN OF CANADIAN ECONOMIC COMMISSION REPLIES.

Colonel Dennis, on behalf of the Commission, expressed his appreciation for the valuable information obtained from the Russian-American Association and assured its members that the desire to obtain any information of this kind regarding Siberia is to develop interest in their country among Canadian manufacturers, which can be

of mutual business value in equipping industries with Canadian machinery, which was produced after years of experiment and experience, for use in a country of similar climatic conditions and natural resources as Siberia.

Canada is very anxious as a part of the British Empire to help Russia recuperate from the present economic chaos, and any assistance she can consistently give, she undoubtedly will. The most important assistance to be given by the Canadian Government is to facilitate the obtaining of the required manufactured articles which are not produced now in Siberia, with the maximum elimination of intermediaries, and to put the purchasers in direct touch with the producer as far as it is possible to do so. As soon as the conditions of transportation and currency in Siberia are more or less stabilized, stated the Chairman of the Commission, the beneficial effects of the efforts of the Canadian Government through the Economic Commission will be felt by the local people.

The Chairman informed those present that the Commission had recommended to the Government the establishing in Vladivostok of a sample exhibit of machinery, implements, tools and articles of all kinds manufactured in Canada, which could be usefully employed by the Siberian people. It will afford opportunities for examining such articles and of getting information as to the sources of their manufacture, facilitating in this way the purchasing of the necessary goods on the part of the people residing in and tributary to Vladivostok.

He promised to have forwarded to the Association the publications they asked for, and thanked them for the assistance already given and anticipated by the Commissioner.

APPENDIX H.

THE FISHERIES OF THE RUSSIAN FAR EAST.

BY LOUIS KON, SECRETARY, CANADIAN ECONOMIC COMMISSION (SIBERIA).

This memorandum is compiled from information obtained from Mr. K. E. Lavrov, Superintendent of Fisheries of the Russian Far East, and also the Chairman of the Vladivostok Fish Industries Association.

The latter organization and individuals engaged in the Siberian Fishing Industries are very reluctant in giving out any information, although they have expressed their great desire to see an influx of Canadian capital for the development of the fisheries and of the fish-canning industries.

The impression gained is that they are afraid of being driven out of business by foreign competitors with plenty of financial backing and in a position to introduce the most modern methods and equipment.

Fishing in the Russian Far East may be considered as one of the most important industries from the economic point of view. At the same time the fisheries have become of political importance since the Russo-Japanese war.

The territorial waters of the Russian Far Eastern Coast extend along a coast line of some 18,000 versts (6,000 miles) in length; their width according to the Russian law of 1911 extends twelve miles from the coast though, it is said, the Japanese ignore this Russian claim and recognize only the width of the territorial waters as extending to three miles from the coast.

RUSSO-JAPANESE FISHERY CONVENTION.

From the administrative point of view these waters are divided into conventional, which are subject to the Russo-Japanese Fishery Convention of 1907, and non-conventional, waters which do not come within the provisions of the Treaty.

Certain bays and inlets, and all the rivers represent the non-conventional waters, in which some 275 fishing stations are operated by Russian capital. In conventional waters there were in March, 1918, 320 stations, or leases, which increased to 400 as the result of the sale by auction of leases in March, 1919. Twenty-one per cent of these stations represent leases operated by Russians, and seventy-nine per cent by Japanese.

Under the aforesaid convention, the right is given to Japanese subjects to take and prepare all kinds of fish and aquatic products, except seals and seal otters, along the Russian coasts of the Sea of Japan, Sea of Okhotsk and Behring Sea. Except in the rivers and inlets, Japanese subjects are entitled to purchase fishing stations at the public auctions on the same footing as Russian subjects, and they are to be subject to the same rules and regulations as Russian subjects, particularly with regard to regulations applying to the employment of foreign labour. The leases of the fishing stations are for one, three and five years. The duration of the convention is fixed at twelve years, but it is to be renewed or modified at the end of every twelve years by mutual agreement.

The non-conventional waters represent the exclusive property of the Russian citizens, and their fish resources are being made use of to a great extent by the native population. The district of Kamchatka alone supports by fishing a population of 36,000 people. Some 40,000 dogs, which are used as means of transportation, are also fed on salmon exclusively; the consumption by these animals is said to be no less than 20,000,000 salmon annually.

ANNUAL CATCH OF SALMON.

Two-thirds of the fish marketed in Siberia put up according to the Russian system of curing, are caught in the rivers. Out of a total of 9,000,000 poods (145,000 tons) of the Russian Far Eastern salmon and salmon products marketed yearly, about 4,000,000 poods (64,000 tons) are caught, prepared and marketed by the Russians, of which 3,000,000 poods (50,000 tons) represent river fish. Besides, it is estimated that some 3,000,000 poods of salmon are caught annually to feed the population engaged in the fishing industry, the natives and their dogs.

On the whole the fishing stations and the fish industry in the Russian Far East are equipped and conducted on very primitive lines. In the case of the Russian concerns, it is chiefly due to lack of capital and of facilities both for fishing and transportation.

All information obtainable as to the amount of fish available is largely guesswork; practically speaking, no scientific survey has been made. In this respect the Siberians are greatly handicapped for lack of proper men (the few able and prominent Russian ichtiologists being in Soviet Russia), and it is stated that the exploitation and administration of the Siberian fishing resources in the pre-war period were sadly neglected.

At the public auctions of fishing stations the bidder never knows even approximately the value of the lease he is bidding for; neither is the government in a position to put any upset price on the leases applied for. A rough estimate of value is arrived at through the Government employees counting the fish caught at the various stations during the season, but as the methods of fishing are primitive, it is difficult to state what the actual run may be.

The Japanese possess more information in this respect, as all their fishing enterprises in the Siberian waters are under the Bureau of Marine Industry which is carrying on a great deal of exploration work.

In order to control certain zones of fishing stations, the Japanese fishing interests are united into one organization assisted by the Government, and any new enterprise or individual wishing to engage in this industry has to be first admitted to the "pool." The Japanese often overbid the Russians by large sums so as to keep a particular zone to themselves, and the operator of certain overpaid stations is reimbursed in his losses and given by the "pool" the decided upon profits for the season.

Up to a short time ago the fisheries of the Russian Far East were administered from Petrograd, the administration of fisheries in the whole of Russia being a branch of the Department of Agriculture. Recently, a special department for administration of the Russian Far East Fisheries has been established with headquarters in Vladivostok, and it is intended to have the new arrangement continued after a central Russian government is established again either in Moscow or Petrograd.

VARIETIES OF SALMON.

The principal varieties of salmon caught in the Russian Far East, are: Humpback, or pink salmon (*Gorboosha*); Sockeye, blue back or red salmon (*Krasnaya*); chum or dog salmon, (*Keta*); silver salmon (*Kisootcha*); and King salmon (*Chavicha*).

The waters most abundant in salmon of these various kinds are as follows:

Humpback or pink salmon on the south-east and west coast of Kamchatka, Nikolayevsk and Sakhalin; Sockeye, blue back or red salmon on the west and east coasts of Kamchatka and in the Kamchatka river; Chum or dog salmon in Nikolayevsk, west and east Kamchatka coast.

The system of preparing fish for the Russian market is quite different from the Japanese system. Fish prepared according to the latter is not fit for Russian consumption.

Besides the fish, some 300,000 poods, (5,000 tons) of red salmon caviar is prepared and marketed annually. The Japanese sell their caviar at their fishing stations to the Russians who prepare and put it up for market.

HERRING FISHERY.

It may be mentioned here that herrings represent also an important catch in the Russian Far Eastern waters, about 1,500,000 poods being caught annually. More than half of this catch is used for making fertilizer for the rice fields of Japan, it being almost indispensable for Japanese agriculture. The fat obtained as a by-product is used for industrial purposes. About 800 herrings give three poods of fertilizer and 10 to 12 pounds of fat.

Crab, shrimps, lobster and sea cabbage represent some of the other products of the non-conventional waters of the southeast and Vladivostok districts.

TOTAL VALUE OF ANNUAL CATCH.

The total value of the fish catch of both Japanese and Russian enterprises is estimated at 200,000,000 roubles yearly, of which probably 40,000,000 roubles worth represent value of fish consumed locally but not marketed.

It is estimated that about 50,000,000 poods (750,000 tons) of fish, valued at 100,000,000 yen, have been taken to Japan from Kamchatka alone since the Russo-Japanese Convention came into existence.

The greatest handicap the Russian fishing industries are experiencing is in the matter of transportation facilities. It was so from the very beginning of the development of the fishing industry in the Russian Far East. The Russian Volunteer Fleet never was in a position to fully serve that important industry, with the result that it has often been found necessary to make unfavourable arrangements with owners of Japanese boats.

Apart from the five or six schooners belonging to the Russians, representing some 1,500 tons, there are no sailing boats available at all. During the past year this situation was more acute than ever owing to the great decrease of the tonnage of the Volunteer Fleet, the decreases amounting to about two-thirds of the total. In 1917, the tonnage of the Volunteer Fleet in the Russian Far Eastern waters represented a space of 1,501,000 cubic feet. In 1918, the Volunteer Fleet in the Russian Far East had only 630,000 cubic feet in operation.

Japan in 1916 had in those waters for fishing purposes 273 schooners and 121 steamboats.

The fishing industry employs yearly close on 30,000 people, of whom 13,000 are engaged in non-conventional waters. In conventional waters, Japanese labourers are employed almost exclusively. Up to the time of the war, in the non-conventional waters only Russian labour was employed, among which there were 1,000 women and about 300 youths, the balance representing grown-up men. During the war the Russian labourer had to be replaced to a considerable extent by yellow labour, which grew to represent almost 75 per cent of the Russian pre-war labour.

Although it is against the law to employ other than Russian labour in non-conventional waters, owing to its scarcity and instability it has been almost decided to permit during the coming season the employment of 50 per cent of yellow labourers in non-conventional waters.

Besides the labour employed by the fishing enterprises mentioned above, some 15,000 to 20,000 Siberian settlers and natives are engaged in fishing independently of the fishing stations.

In the year 1917, the Department of Commerce, Bureau of Fisheries of the Government of the United States of America, issued a pamphlet "Fishing in the Priamur District of Siberia," which represents a report made by Mr. J. K. Caldwell, American Consul in Vladivostok, in which a great deal of valuable information can be found.

The subjoined report of a joint meeting held by the Canadian Economic Commission (Siberia) and the Russo-American Association at Vladivostok refers to the fisheries in the conventional waters and will give specific information on this subject.

Salmon Fishing in the Russian Far East.

Report of a joint meeting held by the Canadian Economic Commission (Siberia) and the Russian-American Association of Vladivostok.

The Canadian Economic Commission was represented by Commissioners Just and Wilgress and the Secretary; the Russian-American Association by their President and Vice-President and especially invited Superintendent of the Russian Far Eastern Fisheries, Mr. L. Lavrov, his assistant, and three prominent local men interested in the fishing industry of the Russian Far East.

Mr. Lavrov, after referring in his preliminary remarks to the great importance of proper development of the Siberian fishing industry by Russians, which could be done only with the aid and in co-operation with foreign capital, replied to questions submitted to him by Commissioner Just.

(1) The fishery divisions of the Russian Far East, stretching out the length of some 18,000 versts along the Russian coast of the Japan, Okhotsk and Behring Seas are (a) the estuary of the Amur river and the Sakhalin coast; (b) Okhotsk; (c) West Kamchatka; (d) East Kamchatka; (e) Anadyr; (f) Chukotsk; and (g) Maritime.

(2) The total leases under operation in all the divisions up to 1918 was 320, this number increasing in 1919 to 400. There is no stated number of leases put up for auction sale each year, as it depends entirely upon the number of applications made by persons wishing to secure such leases, the Government auctioning off only stations applied for.

The leases are given first for a period of one year to enable the Government to decide if the lessee is in a position to properly take advantage of the lease granted to him; then two consecutive terms of three years each, and then five years, making a total of twelve years. This system was adopted at the Russo-Japanese Convention of 1907, known as the Portsmouth Convention, which gives equal rights of fishing along the Russian Far Eastern Coast to the Russians and Japanese. On September 29, 1919, the Convention agreement expires, and a new agreement will have to be entered into.

(3) The average price of a lease is about 32,000 roubles (at a nominal value of 49-50 cents to the rouble). This figure represents an average price for the whole period since 1907.

(4) The cost of labour at the present time cannot be arrived at owing to the absolutely demoralized state of the labour market, both as far as Russian and foreign labour is concerned.

(5) The principal varieties of salmon caught in 1918 were:

	Fish.
Humpback or pink (Gorboosha)	70,000,000
Sockeye, blue back or red (Krasnaya)	15,000,000
Chum or dog (Keta)	50,000,000
Silver (Kisootcha)	1,500,000
King (Chavicha)	20,000

(6) The average total annual catch of salmon is about 136½ million fish; it is not an accurate statistical figure but a conservative estimate.

(7) Red salmon is most abundant along the west and east coasts of Kamchatka and in the river Kamchatka.

(8) There are at present eight fish canneries in Eastern Siberia and their total output is about 500,000 cases.

APPENDIX J.

FLAX GROWING IN SIBERIA.

BY LOUIS KON, SECRETARY, CANADIAN ECONOMIC COMMISSION (SIBERIA).

Flax growing in Siberia does not represent as yet an important branch of agriculture. Lack of market locally and the very long haul by rail to the centres of industries using flax fibre in European Russia, are the main causes of its comparative unimportance. An effort on the part of the Central Russian Flax Growers' Association, a co-operative association, to encourage the growing and to facilitate the marketing of the Siberian grown flax, began to have a certain beneficial effect in that direction. The war, however, caused a great depletion of working hands in the Siberian villages, and did not allow of any marked development of that movement.

The peasants who migrated from those parts of European Russia where fibre-flax growing is extensive, have followed the growing of flax in Siberia, although cereals and butter proved to be the most profitable returns for the peasant and are given the most attention.

It is also noticeable that the growing of flax for fibre is not as common as flax for seed. Absence of seeds of the former variety resulted in growing seed-flax in those parts of Siberia which are most adapted for growing fibre-flax. There is a plan of supplying the proper kind of fibre flax seeds to the peasants through Zemstvos and co-operatives.

The Siberian flax growing area is divided into four divisions:—

(1) The prairies, most suitable for seed-flax growing, consisting of Turgai, Semipalatinsk and Semirechenik Districts.

(2) Semi-prairie and semi-wooded, most suitable and noted for fibre-flax growing, consisting of Tomsk, Tobolsk and Eingseysh Provinces, and Akmolinsk District.

(3) The northeastern part of the Yeniseisk Province, the whole of Irkutsk and Amur and Trans-Baikal Districts, where there is practically no flax grown at all.

(4) The Maritime District, where growing of flax of both kinds is of purely local character.

FLAX GROWING CHIEFLY FOR SEED.

The available statistics as to the increase of flax growing in Siberia, according to the above divisions are, as follows:—

	1901-05.	1913.	1914.
1.	4,259 acres.	55,066 acres.	50,163 acres.
2.	91,031 "	237,313 "	244,763 "
3.	No statistics.	1,730 "	2,948 "
4.	"	14,725 "	15,460 "

The statistical data are not quite accurate. The Tomsk and Yeniseisk provinces were given the most attention on the part of the Government, both as to encouragement of the flax growing and gathering of statistics, as the flax-seed from these provinces was manufactured into oil. With the exception of the provinces of Tomsk, Tobolsk and Yeniseisk and the Akmolinsk District, flax in Siberia is not pulled but cut, no fibre export being organized in some parts and in others the soil and climatic conditions being suitable for growing of flax-seed only.

FLAX FOR FIBRE.

The average yield of Siberian flax is: seed 11 to 18 poods, and fibre 13 to 14 poods per acre.

From the point of view of exporting Siberian flax fibre to Western Canada, Eastern Siberia can be of interest only. It is hardly possible that the freight tariff

shall ever be such as to permit of economically exporting to the Canadian Pacific Coast flax fibre from Central and Western Siberia, the chief flax producing parts of that country, both as far as quantity and quality are concerned.

According to the information gathered by the Siberian Department of Colonization in 1916, the area seeded under flax in the Maritime District represented 28,406 acres as compared with 15,408 acres in 1915 and 5,305 in 1910, the first year Siberian statistical data regarding this branch of agriculture are available.

In Eastern Siberia flax is grown chiefly by the Cossacks in the Ussuri district, and peasants in Nikolsk, Ussurisk and Iman administration districts (Ooyezds).

The increase of area under flax in the Maritime District since 1910 was due to the demand for seed only, as the bulk of flax fibre sold on the Vladivostok market was grown in the Yeniseisk District (Central Siberia).

The Eastern Siberian flax growers are not seeding fibre-flax, although experiments show that considerable moisture in the air during the growing seasons, which is characteristic of the Far Eastern climate, as well as the soil, are rather suitable for growing fibre flax.

The marketing of flax seed is somewhat organized, and there exists an organized effort to purchase it, but the demand for fibre, although it became considerable during the past three or four years, is confined mostly to inquiries as to possibilities of export, but no organized effort has as yet been made for gathering and purchasing.

Local agricultural experts are very optimistic as to the possibilities of developing the growing of fibre-flax, if an encouragement was given to peasants in the form of an enterprise for purchasing the fibre and establishing receiving stations at more important points equipped with necessary machinery for proper threshing of seed, separating straw from fibre, combing, etc.

It is hardly possible that without introduction of mechanical devices for the purpose mentioned above, any marked success in encouraging flax-fibre growing could be achieved.

Labour is scarce, and is likely to remain so for some time. The Eastern Siberian peasant has many opportunities for various profitable side-occupations, and the anticipated development of mining and timber industries, harbour improvements and general building activities will tend to make the price of labour high.

The absence of demand for flax-fibre, both for export and local use, results in hundreds of thousands of poods of flax straw being burnt and rotted. The seed, through lack of changes and proper cultivation, degenerates.

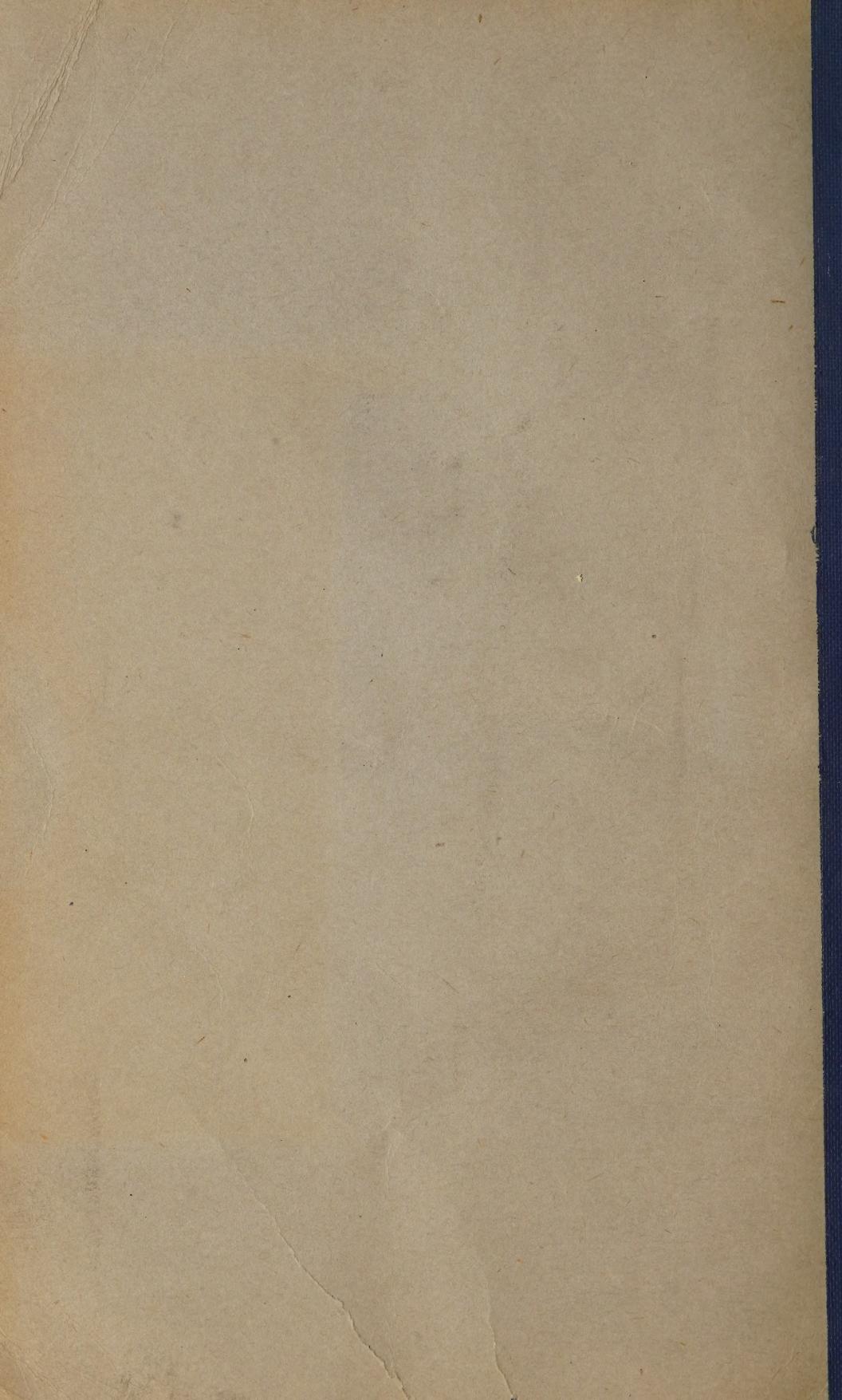
The price for flax fibre on the Vladivostok market was about ten roubles per pood, but during the last two years it went up to sixty roubles.

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